

5120. Also, petition of the United Federal Workers of America, New York City, concerning House bills 7157 and 7160; to the Committee on Appropriations.

5121. Also, petition of the United Federal Workers of America, Washington, D. C., concerning House bill 960; to the Committee on the Civil Service.

5122. Also, petition of the American Federation of Musicians, Local 802, New York City, urging restoration of the prevailing wage rate on Works Progress Administration projects; to the Committee on Appropriations.

5123. By Mr. MICHAEL J. KENNEDY: Petition of Works Progress Administration Teachers Union, Local 453, of the American Federation of Teachers, representing 3,000 education and recreation workers in New York City, opposing the Dempsey deportation bill and the McCormack rider to the Walter espionage bill recently passed by the House; to the Committee on Appropriations.

5124. Also, petition of Cafeteria Employees Union, Local 302, New York City, representing 10,000 members employed in Manhattan and the Bronx, endorsing action taken by the Building and Construction Trades Council of Greater New York, relative to the wage rate of the locality; to the Committee on Appropriations.

5125. Also, petition of the Chelsea Association for Planning and Action, urging immediate enactment of House bill 2888, without 10-percent contribution from community provision; to the Committee on Appropriations.

5126. Also, petition of the Chelsea Tenants League, New York City, urging immediate enactment of House bill 2888, without 10-percent contribution from community provision; to the Committee on Appropriations.

5127. Also, petition of the executive director of the American Federation of Housing Authorities, urging enactment of Senate bill 591, to amend the United States Housing Act; to the Committee on Banking and Currency.

5128. Also, petition of the Gudebrod Bros. Silk Co., Inc., of Philadelphia, Pa., pertaining to the lending program; to the Committee on Appropriations.

5129. Also, petition of the Asbestos Workers Local, No. 12, urging maintenance of prevailing rate of wages on Works Progress Administration projects; to the Committee on Appropriations.

5130. Also, petition of Local No. 802, American Federation of Musicians, representing 20,000 members, urging restoration of the prevailing wage rate on Works Progress Administration work now in the course of construction; to the Committee on Appropriations.

5131. Also, petition of the Regional Council, United Federal Workers of America, urging enactment of House bill 7109 and the Murray bill, relative to Works Progress Administration; to the Committee on Appropriations.

5132. Also, petition of the Brooklyn Army Base, Local No. 43, United Federal Workers of America, urging enactment of House bill 960 before adjournment of the Congress; to the Committee on Appropriations.

5133. By Mr. KEOGH: Petition of the United Federal Workers of America, Washington, D. C., concerning the enactment of House bill 960 at this session of Congress; to the Committee on the Civil Service.

5134. Also, petition of the Internal Revenue, Local 47, United Federal Workers of America, New York City, concerning the Neely retirement bill; to the Committee on the Civil Service.

5135. Also, petition of the New York State Association of Electrical Contractors and Dealers, Inc., New York City, urging appropriation for Works Progress Administration; to the Committee on Appropriations.

5136. Also, petition of William Feinberg, secretary, Local 802, American Federation of Musicians, New York, urging support of prevailing wage on Works Progress Administration projects; to the Committee on Appropriations.

5137. Also, petition of the Cafeteria Employees Union, Local 302, New York City, concerning the prevailing wage rate on Works Progress Administration projects; to the Committee on Appropriations.

5138. By Mr. SANDAGER: Memorial of the Polish-American Citizens' League of Rhode Island, Pawtucket, R. I., condemning the actions of fascist nations and endorsing the quarantining of the aggressors; to the Committee on Foreign Affairs.

5139. Also, memorial of the Polish-American Citizens' League of Rhode Island, Pawtucket, R. I., favoring the education of noncitizens as American citizens; the passage of House Joint Resolution 86, and the passage of House bill 214, revision of naturalization laws; to the Committee on Immigration and Naturalization.

5140. By Mr. WELCH: Petition of Works Progress Administration Sewing Project, San Francisco, Calif., urging amendment to relief appropriation bill; to the Committee on Appropriations.

5141. By the SPEAKER: Petition of Hart E. Delvin, Rushville, N. Y., petitioning consideration of their petition with reference to William Clark, circuit court judge of the United States; to the Committee on the Judiciary.

5142. Also, petition of the Board of Commissioners of the State Bar, Birmingham, Ala., petitioning consideration of their resolution with reference to an additional district court, or the appointment of one or more additional judges; to the Committee on the Judiciary.

## SENATE

SATURDAY, JULY 29, 1939

(Legislative day of Tuesday, July 25, 1939)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Reverend Duncan Fraser, assistant rector, Church of the Epiphany, Washington, D. C., offered the following prayer:

O God, our refuge from one generation to another, in whose sight a thousand years are but as yesterday; regard in mercy, we beseech Thee, those who have served Thee in this Senate, and now sleep in peace. Rest eternal, grant unto them, O Lord, and let light perpetual shine upon them. And to these Thy servants who succeed them grant Thy grace, that, in the best and surest traditions of this land, they may pursue their labors, mindful of Thy glory and the trust bestowed upon them. Through Jesus Christ our Lord. Amen.

### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day, Friday, July 28, 1939, was dispensed with, and the Journal was approved.

### CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The Clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	Johnson, Calif.	Reed
Andrews	Davis	Johnson, Colo.	Russell
Austin	Downey	King	Schwartz
Bailey	Ellender	La Follette	Schwellenbach
Bankhead	Frazier	Lodge	Sheppard
Barbour	George	Lucas	Shipstead
Barkley	Gerry	Lundeen	Slattery
Bilbo	Gibson	McCarran	Smith
Bone	Gillette	McKellar	Stewart
Borah	Green	Maloney	Taft
Bridges	Guffey	Mead	Thomas, Okla.
Brown	Gurney	Miller	Thomas, Utah
Bulow	Hale	Minton	Townsend
Burke	Harrison	Murray	Truman
Byrd	Hatch	Neely	Tydings
Byrnes	Hayden	Norris	Vandenberg
Capper	Herring	Nye	Van Nuys
Chavez	Hill	O'Mahoney	Wagner
Clark, Idaho	Holman	Pepper	Walsh
Clark, Mo.	Holt	Pittman	Wheeler
Connally	Hughes	Radcliffe	White

Mr. MINTON. I announce that the Senator from North Carolina [Mr. REYNOLDS] and the Senator from Arizona [Mr.

ASHURST] are detained from the Senate because of illness in their families.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from Oklahoma [Mr. LEE], and the Senator from New Jersey [Mr. SMATHERS] are absent on important public business.

The Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Kentucky [Mr. LOGAN], and the Senator from Louisiana [Mr. OVERTON] are unavoidably detained.

The VICE PRESIDENT. Eighty-four Senators have answered to their names, a quorum is present.

ROY F. LASSLY

The VICE PRESIDENT laid before the Senator a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation for the relief of Roy F. Lassly, former Acting Chief Disbursing Clerk, Department of the Interior, which, with the accompanying paper, was referred to the Committee on Claims.

#### JUNE REPORT OF THE RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation, transmitting, pursuant to law, a report of the activities and expenses of the Corporation for the month of June 1939 and statement of condition as of the close of business on June 30, 1939, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

#### PETITION AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution of the board of governors of the Advertising Club of Baltimore, Md., favoring the return of the U. S. frigate *Constellation* to the port of Baltimore and requesting that the frigate be assigned a permanent berth at Fort McHenry, Md., which was referred to the Committee on Naval Affairs.

Mr. CAPPER presented a memorial of sundry citizens of Topeka, Kans., remonstrating against the enactment of the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes, which was ordered to lie on the table.

He also presented a paper in the nature of a memorial from the National Grange, signed by Fred Brenckman, Washington representative, remonstrating against the enactment of the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes, which was ordered to lie on the table.

(See memorial printed in full when presented today by Mr. HOLMAN.)

#### PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES—MEMORIAL

Mr. HOLMAN. Mr. President, I have a circular from the National Grange, of which I am a member as an Oregon farmer. The circular protests against the enactment of the pending bill known as the spending-lending bill. I ask unanimous consent to have it lie on the table and be published in the RECORD.

There being no objection, the paper in the nature of a memorial was ordered to lie on the table and be printed in the RECORD, as follows:

THE NATIONAL GRANGE,  
Washington, D. C., July 28, 1939.

#### To Members of Congress:

We desire to register an earnest protest against the enactment of the pending bill for the construction and financing of self-liquidating projects, H. R. 7120 and S. 2759. After a careful reading of this measure, we are thoroughly persuaded that it would be contrary to the best interests of the country to pass it.

It must simply be regarded as a camouflage to hide the mounting figures of the public debt, and it is intended to circumvent and violate the provisions of an act of Congress, passed at the time of the World War, fixing the limit of national indebtedness at \$45,000,000,000. According to official estimates, that limit will be reached before the end of the present fiscal year.

It cannot be successfully denied that the repeated efforts that have been made to "prime the pump" by Government lending and spending on an unprecedented scale have been a colossal failure. While each fresh shot in the arm was followed by temporary improvement, after the effects had worn off our basic condition was rendered more desperate than before.

The truth is that in pursuing this unsound and misguided policy the people of the United States are progressively being reduced to one of the most hopeless forms of slavery—the slavery that goes

with debt. Even at the low average rate of 2.57 percent, the interest on the national debt amounts to the staggering sum of a billion dollars a year. Roughly, 20 cents out of every dollar collected by the Government in taxes goes in payment of interest.

The pending bill would make permanent the present lending and spending policy of the Government, and all the losses involved would automatically be taken out of the Federal Treasury.

There can be no doubt that the vast lump-sum appropriations that have been voted in recent years have done more to destroy the independence and self-respect of Congress than all other factors combined. This system of making appropriations has made a grab bag of the Federal Treasury and has had a demoralizing effect on the people. Surely the time has come when Congress should resume its constitutional prerogatives and put an end to this orgy of deficits, waste, and unbridled extravagance.

Mentioning just one of the self-liquidating projects contained in the bill now being considered, the Bureau of Public Roads, in a voluminous report published some months ago, clearly indicated that the dream of a system of superhighways, supported by tolls, was not feasible on the financial side, because the revenues to be derived from tolls would not pay for the cost of constructing and maintaining such roads. There are scarcely any toll roads left in the country and there is a prejudice against toll bridges. It may, therefore, be taken for granted that if the proposed roads should be built in a few short years the attempt to recover the cost of construction through the collection of tolls would be abandoned, saddling a heavy financial responsibility upon the Treasury.

Another item contained in the bill authorizes the sum of \$500,000,000 for rural electrification projects. The Grange has given its hearty support to the plan launched in this connection several years ago. We consider it one of the soundest steps ever taken by the Government to improve conditions in the farming sections. However, since the basic act for rural electrification, passed in 1936, authorizes the appropriation of \$40,000,000 annually over a 10-year span for loans on such projects, there would seem to be no necessity for this provision in the measure now being debated in Congress. Several other items contained in the bill are open to many objections.

One of the fundamental reasons why this bill should not be enacted is that it would discourage private initiative and would take us farther along the road toward making America a collectivist state. If President Roosevelt should issue a clear, definite, and positive statement to the effect that it was our fixed purpose to continue our traditional American system of private enterprise, and if such legislation as this were thrown into the discard, it would do more than anything else could to bring about such an upturn in every branch of American industry and business as would give cause for universal rejoicing.

Yours very sincerely,

THE NATIONAL GRANGE,  
FRED BRECKMAN,  
Washington Representative.

#### PUMP PRIMING

Mr. VANDENBERG. Mr. President, I present a communication in the nature of a petition from Mr. J. B. Sager, of St. Louis, Mo. Attached to it, by way of illustration, is a leather gadget which I understand is technically known as a sucker in connection with pump priming. The message is as follows:

#### WANTED: MORE SUCKERS FOR NEW DEAL THEORIES

This thing may have a technical name, but every real farmer (like the Squire of Hyde Park) calls it a sucker.

Continued pump priming indicates that new suckers are needed—the old ones are worn out.

Maybe it would be better to fix the pump—or get a new one.

A WORN OUT SUCKER.

#### REPORTS OF COMMITTEES

Mr. HOLMAN, from the Committee on Military Affairs, to which was referred the bill (S. 2295) authorizing the President to reappoint and honorably discharge David J. Sawyer, second lieutenant, National Army, as of May 11, 1919, reported it without amendment and submitted a report (No. 1037) thereon.

Mr. MINTON, from the Committee on Military Affairs, to which was referred the bill (S. 2433) for the relief of Frank Casey, reported it without amendment and submitted a report (No. 1038) thereon.

#### CONTINUATION OF SPECIAL COMMITTEE ON TAXATION OF GOVERNMENTAL SECURITIES AND SALARIES

Mr. BROWN, from the Committee on Finance, to which was referred the resolution (S. Res. 172) continuing the Special Committee on the Taxation of Governmental Securities and Salaries (submitted by Mr. Brown on the 27th instant), reported it without amendment, and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.



## NOMINATION OF EDWARD E. DEWEY—RECONSIDERATION

Mr. McKELLAR. Mr. President, a few days ago the nomination of Edward E. Dewey to be postmaster at Decatur, Ark., was confirmed by the Senate. Upon the request of both Senators from that State, I ask unanimous consent, as in executive session, that the vote by which the nomination was confirmed may be reconsidered and the nomination restored to the Executive Calendar.

The VICE PRESIDENT. Is there objection to the request of the Senator from Tennessee? The Chair hears none, and it is so ordered.

## BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McKELLAR:

S. 2917. A bill for the relief of the Dixie Margarine Co., a Tennessee corporation, of Memphis, Tenn. (with accompanying papers); to the Committee on Claims.

By Mr. VANDENBERG:

S. 2918. A bill for the relief of Louis Duray; to the Committee on Naval Affairs.

By Mr. BURKE:

S. 2919. A bill to amend section 32 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and/or completing the construction of other bridges over the navigable waters of the United States, and for other purposes," approved August 30, 1935; to the Committee on Commerce.

By Mr. LUCAS:

S. 2920. A bill granting a pension to Martha J. Coble; to the Committee on Pensions.

By Mr. TAFT:

S. 2921. A bill granting an increase of pension to Mary Sheridan; to the Committee on Pensions.

## MORAL REARMAMENT PROGRAM—ADDRESS BY SENATOR THOMAS OF UTAH

[Mr. TRUMAN asked and obtained leave to have printed in the RECORD a radio address by Senator THOMAS of Utah on the subject of the moral rearmament movement, which appears in the Appendix.]

## ADDRESS BY SENATOR SLATTERY AT SALEM (ILL.) SOLDIERS' AND SAILORS' REUNION

[Mr. HERRING asked and obtained leave to have printed in the RECORD an address delivered by Senator SLATTERY at the Salem (Ill.) Soldiers' and Sailors' Reunion, which appears in the Appendix.]

## SHALL WE SEND OUR YOUTH TO WAR?—ARTICLE BY HON. HERBERT HOOVER

[Mr. NYE asked and obtained leave to have printed in the RECORD an article appearing in the American Magazine for August 1939 entitled "Shall We Send Our Youth to War?" by the Honorable Herbert Hoover, which appears in the Appendix.]

## SOUTH DAKOTA—ADDRESS BY IVAN A. BICKELHAUPT

[Mr. GURNEY asked and obtained leave to have printed in the RECORD an address delivered on June 14, 1939, before the Gyro Club of the City of Washington by Ivan A. Bickelhaupt, which appears in the Appendix.]

## SILVER-PURCHASE PROGRAM

[Mr. TOWNSEND asked and obtained leave to have printed in the RECORD articles relative to the silver-purchase program from the Bangor News of June 27, 1939, the Hartford Courant of July 10, 1939, and the New York Sun of May 3, 1939, which appear in the Appendix.]

## PAUL V. McNUTT

[Mr. BRIDGES asked and obtained leave to have printed in the RECORD an article from the Washington Evening Star of Friday, July 28, and an article from the Washington Post of Saturday, July 29, 1939, relative to Paul V. McNutt, Federal Security Administrator, which appear in the Appendix.]

## APPOINTMENT OF PAUL V. McNUTT AND THE HATCH BILL—ARTICLE FROM THE CHRISTIAN SCIENCE MONITOR

[Mr. MINTON asked and obtained leave to have printed in the RECORD an article published in the Christian Science

Monitor relative to the appointment of Paul V. McNutt and the Hatch bill, which appears in the Appendix.]

## PROTECTION OF PRIVATE ENTERPRISE—STATEMENT BY SENATOR O'MAHONEY

[Mr. BURKE asked and obtained leave to have printed in the RECORD a statement made by Senator O'MAHONEY before the Senate Committee on the Judiciary relative to Senate bill 2719, which appears in the Appendix.]

## PAY ROLL OF WORKS PROGRESS ADMINISTRATION IN WEST VIRGINIA

[Mr. HOLT asked and obtained leave to have printed in the RECORD a statement regarding the pay roll of the Works Progress Administration in West Virginia, which appears in the Appendix.]

## PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES—STATEMENT OF SENATOR THOMAS OF OKLAHOMA AS TO YEA-AND-NAY VOTES

Mr. THOMAS of Oklahoma. Mr. President, on yesterday I was necessarily absent from the Senate, and during my absence several votes were taken. I desire to state for the RECORD how I would have voted had I been present.

On the Wheeler-La Follette amendment to help farm owners through the Federal Farm Mortgage Corporation, which appears on page 10261 of the RECORD, and the vote on which appears on page 10295 of the RECORD of yesterday, Friday, July 28, 1939, had I been present, I would have voted "yea."

On the motion to reconsider the vote by which the so-called Byrd amendment was rejected. On the motion of the Senator from Indiana [Mr. VAN NUYS] to reconsider the vote by which the amendment of the Senator from Virginia [Mr. BYRD] proposing to strike out the roads provision of the pending bill, on which motion the yeas and nays appear on page 10297 of the RECORD of yesterday, had I been present, I should have voted "nay." On the vote on agreeing to the amendment of the Senator from Virginia, which appears on the same page, had I been present, I should have voted "nay."

Then, late last night, on the Wheeler amendment relating to funds to be loaned to the railroads, the vote on that amendment is found on page 10349 of yesterday's RECORD. Had I been present, I should have voted "nay."

## PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES

The Senate resumed the consideration of the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes.

The VICE PRESIDENT. When the Senate took a recess late last evening the Senator from Wyoming [Mr. O'MAHONEY] was occupying the floor and yielded, apparently, for the purpose of permitting a motion to be made for a recess of the Senate. The Chair feels that he should recognize the Senator from Wyoming.

Mr. O'MAHONEY. Mr. President, when I rose last night I asked that the clerk state the amendment offered by me. Before that is done, however, I desire to call attention to the fact that when the amendment was presented it consisted of two provisions, the first of which had to do with the maintenance of free private enterprise generally, while the second was an amendment to the provision dealing with rural electrification. The latter amendment was afterward offered by the Senator from Kentucky [Mr. BARKLEY] and adopted. Therefore, it should be omitted from this amendment.

I think it becomes necessary also to alter a word in the amendment. May I ask the Senator from Kentucky what is the title of the head of the Public Works Administration?

Mr. BARKLEY. The title of the organization is "Administration of Public Works."

Mr. O'MAHONEY. I meant the title of the chief.

Mr. BARKLEY. It is "Public Works Commissioner."

Mr. O'MAHONEY. Let the amendment be modified, on page 2, line 2, by inserting the word "Commissioner" in lieu of "Administrator."

The PRESIDENT pro tempore. The amendment will be modified as requested by the Senator from Wyoming.

Mr. O'MAHONEY. Now, may the amendment be stated?

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, line 17, after the word "act", it is proposed to insert a colon and the following:

*Provided, That in order that the competitive system of private enterprise for profit shall be maintained and encouraged, loans under this subsection shall be so administered as not to promote any undertaking in a field now adequately supplied by existing competitive private enterprise or by existing noncompetitive private enterprise at reasonable rates or prices, unless in the latter case a reasonable offer is made to acquire the facilities of such noncompetitive enterprise and such offer has not been accepted, and a finding to that effect has been made after public hearing by the Public Works Commissioner.*

Mr. RADCLIFFE. Mr. President—

Mr. O'MAHONEY. I yield to the Senator from Maryland.

Mr. RADCLIFFE. It is my understanding that the provision for a finding in the latter part of the amendment refers both to the reasonableness of the rates and also to the matter of the nonacceptance of the offer.

Mr. O'MAHONEY. The Senator is quite right.

Mr. RADCLIFFE. There might be some slight element of doubt in regard to it. In order that the matter may be stated with a little more particularity and emphasis, I ask the Senator whether he would object to the following language:

Amend by striking out the last word on page 1 of the amendment and also by striking out the first two lines on page 2 of the amendment and by inserting in lieu thereof the following language:

Finding, as to both the reasonableness of said offer and also as to its failure of acceptance, has been made after a public hearing by the Public Works Commissioner.

In other words, that would clearly tie in the word "finding" with both the matter of the reasonableness of the rate and also the question of acceptance.

Mr. O'MAHONEY. Will the Senator be good enough to send me the language he proposes?

Mr. RADCLIFFE. Certainly.

Mr. O'MAHONEY. The Senator desires to strike out the word "finding," in line 10, page 1, and lines 1 and 2 on page 2 and substitute in lieu thereof these words:

Finding as to both the reasonableness of said offer and also as to its failure of acceptance, has been made after a public hearing by the Public Works Commissioner.

I have no objection to that language, although I do not think there is any need for it.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. BARKLEY. The addition makes the language a little complicated. Why would it not be simpler to say "and a finding to that effect as to both conditions," the reasonableness and the acceptance or nonacceptance of the offer, so that it would tie in without repetition?

Mr. O'MAHONEY. I think that is quite immaterial. Both suggestions are exactly the same, and I am quite willing to accept either one.

Mr. RADCLIFFE. I thought the meaning was clear; but there is some danger that the word "finding" might be given a restricted interpretation, and for that reason I thought it might be advisable to make the language explicit.

Mr. O'MAHONEY. Mr. President, I am willing to accept the modification.

Mr. BARKLEY. If the Senator will yield, I have no objection to the amendment. In fact, we attempted in the committee, not very satisfactorily, to work out a provision, which was later eliminated, and we have been working on one. I see no objection to this one. I think it accomplishes what we are seeking to do. But I wonder why the Senator, in line 1, on page 2, has provided that the finding must be had after a public hearing. In all the provisions of this kind in the bill heretofore we have not required public hearings, as I understand, and under this language, even where both parties agreed that there had been an offer and a failure to accept, there would still have to be a public hearing.

Mr. O'MAHONEY. I think notice of a public hearing would be quite sufficient. I feel very strongly that the holding of a hearing in public upon any matter of public business is of the utmost importance. I do not believe it would be

wise to delete that phrase. As a matter of fact, I think it would open the amendment to a great deal of attack, because it would raise the question whether or not it was desired on the part of the Public Works Commission to make these loans and encourage public enterprises and public construction without public hearings and without public knowledge.

Mr. BARKLEY. I do not think there has been any abuse of that power.

Mr. O'MAHONEY. I think the Senator is quite right.

The PRESIDENT pro tempore. The Senator from Wyoming accepts the suggestion of the Senator from Maryland. The clerk will now report the amendment as modified.

The LEGISLATIVE CLERK. As modified, the amendment is on page 4, line 17, after the word "act", to insert a colon and the following:

*Provided, That in order that the competitive system of private enterprise for profit shall be maintained and encouraged, loans under this subsection shall be so administered as not to promote any undertaking in a field now adequately supplied by existing competitive private enterprise or by existing noncompetitive private enterprise at reasonable rates or prices, unless in the latter case a reasonable offer is made to acquire the facilities of such noncompetitive enterprise and such offer has not been accepted, and a finding as to both the reasonableness of said offer and also as to its failure of acceptance has been made after a public hearing by the Public Works Commissioner.*

Mr. BARKLEY. I think the word "its" ought to be "the."

Mr. O'MAHONEY. The Senator is quite right.

Mr. BARKLEY. I think there is one unnecessary "also" in the amendment.

Mr. RADCLIFFE. The word "also" is not necessary, but it does not detract or otherwise modify. It points out merely with a little more particularity what is intended. I do not object, however, to its being eliminated.

Mr. TYDINGS. Mr. President, will the Senator from Wyoming yield?

Mr. O'MAHONEY. I yield.

Mr. TYDINGS. I am thoroughly in sympathy with the amendment offered by the Senator from Wyoming; but let me ask for a little explanation of some things which to me are not quite clear.

I suppose that the philosophy of the amendment is that the R. F. C., or any other agency, shall not make loans for the purpose of Government operation unless the field is inadequately supplied by private industry, or in accordance with the other restrictions here set out. Am I correct in that assumption?

Mr. O'MAHONEY. The Senator is correct in the assumption so far as it deals with the Public Works Administration. The amendment is not connected with the section which deals with the R. F. C., because the R. F. C., as I understand, has been universally accepted from the very beginning as dealing with private enterprise. The Public Works Administration was taken out of the hands of the R. F. C. when the N. I. R. A. was established, and it has not since gone back.

Mr. TYDINGS. To what agencies would the amendment apply?

Mr. O'MAHONEY. The amendment as I originally offered it applied to the Public Works Administration and to the Rural Electrification Administration. The second amendment, found in the last three lines on page 2, was afterward offered by the Senator from Kentucky and adopted. So the amendment now before the Senate applies to the Public Works Administration.

Mr. TYDINGS. The provision, however, is that loans shall not be made under this subsection so as to promote any undertaking "in a field now adequately supplied by existing competitive private enterprise or by existing noncompetitive enterprise." What is noncompetitive private enterprise?

Mr. O'MAHONEY. A noncompetitive private enterprise would be a public utility serving a city where there is no competition.

Mr. BARKLEY. And having a monopoly.

Mr. O'MAHONEY. And having a monopoly.

Mr. TYDINGS. Does not the Senator think that the exigencies of this case demand that the amendment be forthright, to the effect that where private enterprise is now serv-



ing a community or a need set forth in the application of the proposed borrower, the agencies lending the money on the part of the Government should be precluded directly, and that there should not be any latitude?

Mr. O'MAHONEY. I do not agree with that suggestion, for this reason: I believe still in local self-government, and the largest possible amount of local self-government, and, if a city anywhere in this country should desire to establish a municipal electric-light plant, I know of no reason why Congress should adopt language in this amendment which would prevent the city from doing it, or from getting the advantage of a loan for the purpose of doing it. I have protected in this amendment the right of private enterprise from being unjustifiably pushed out of the field by Government competition.

Mr. TYDINGS. Of course, under the amendment or without it, any city can establish a municipal enterprise, and there is no law which has been passed by Congress or which is contemplated, which would stop any city from going into an undertaking which has heretofore been administered by private enterprise itself. But why should we lend the money under the thought that we are helping industry in the country—and I understand that is the philosophy of the proposed loans—if to any extent at all the undertaking is to be merely a duplication of what private industry is doing?

Mr. O'MAHONEY. I think the answer to that is simple. There are cases of utility companies which have been granted franchises in particular communities operating those franchises without due regard to the needs of the consumers.

Mr. TYDINGS. Understand, I am not complaining at all at the Senator's objective. I am thoroughly in sympathy with the lending of money for rural electrification. I think, properly administered, that is one of the best things we have done.

Mr. O'MAHONEY. The amendment does not deal with rural electrification.

Mr. BARKLEY. And it is not necessary that it do so, because in the rural electrification law itself—

Mr. TYDINGS. I was only saying that for the purpose of illustration. I did not contend that the amendment dealt with rural electrification. I am merely expressing a philosophy that, inasmuch as the loans are to be for the help of business and for making work and making jobs, the money should not be used in taking over existing concerns, but in building new ones. That is the thought I am trying to express, and I have no idea at all of getting into a debate on the utilities question either one way or the other.

The purpose of the amendment is to help industry and to provide jobs, and I do not think that loans should be made under it—perhaps they might be under another measure—or that any of this money should be taken to finance the duplication of something already in existence. That ought to be covered in some other bill. The object of the amendment is to aid business and to make jobs. That is my thought, and I am not quarreling at all with the Senator's objective. I was wondering whether or not the language as drawn would not permit the lending agencies to lend money to take over something which already exists, when the purpose of the amendment is to help industry and to provide jobs, and in that case it would not provide jobs.

Mr. O'MAHONEY. Mr. President, I doubt very much whether there would be any great danger of what the Senator apprehends. Protection is thrown around private enterprise in the amendment by requiring that in such cases as the Senator describes, before any public-works enterprise can be undertaken, there must first be a reasonable offer to acquire the facilities of the noncompetitive enterprise and the offer not accepted, and then the noncompetitive enterprise shall be given the opportunity at a public hearing to explain the entire situation. I am strongly of the opinion that the provision for a public hearing is one of the most effective provisions in the amendment.

Mr. TYDINGS. I am not going to detain the Senate to take issue with the Senator's philosophy, because I am basically in accord with it. I think I can take my seat with

the general conclusion that the Senate, in adopting the amendment, is hoping and expecting and demanding that it be administered in line with the colloquy which has here taken place, and any other interpretation put upon it will be foreign to the intention of the Senate.

Mr. O'MAHONEY. Mr. President, I quite agree with the Senator. The adoption of this amendment, together with the action of the Senate throughout the consideration of the bill, is a clear declaration that in the opinion of the Senate free private enterprise should be protected and encouraged by government.

Mr. TYDINGS. And not competed with by government.

Mr. O'MAHONEY. Exactly.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. MINTON. Let me see if I understand the position of the Senator from Wyoming on his amendment. If a municipality wanted to build an electric-light plant and do it under this provision, and there existed a competing utility, there would have to be a determination by the Commissioner of Public Works that the rates were unreasonable, and that a reasonable offer had been made to purchase the utility's property. Is that correct?

Mr. O'MAHONEY. No; the provision is, "or by existing noncompetitive enterprise at reasonable rates or prices, unless in the latter case a reasonable offer is made to acquire the facilities and such offer has not been accepted." Those are the two primary conditions.

Mr. MINTON. In other words, if a municipality wanted to erect an electric-light plant, and there was already a public utility in the community, under this provision, before the municipality could get it there would have to be a determination by the Commissioner of Public Works that the rates of the utility in that community were unreasonable, and that the municipality had offered to purchase the utility at a reasonable price?

Mr. O'MAHONEY. No; I do not think that interpretation is justified. Let me read it:

*Provided*, That in order that the competitive system of private enterprise for profit shall be maintained and encouraged, loans under this subsection shall be so administered as not to promote any undertaking in a field now adequately supplied by existing—

I am omitting a phrase now—

by existing noncompetitive enterprise at reasonable rates or prices, unless—

So the question of the rates does not enter.

Mr. MINTON. I understood the amendment of the Senator from Maryland [Mr. RADCLIFFE] to be such as to tie in two conditions.

Mr. O'MAHONEY. No; the amendment of the Senator from Maryland merely provides that it shall be quite clear that the finding of the Public Works Commissioner must be upon the two qualifying factors; namely, that a reasonable offer has been made, and that such offer has not been accepted.

Mr. MINTON. Are those two findings preliminary to the right of the municipality to seek aid under this bill?

Mr. O'MAHONEY. No. I think the application could be made, and after the application had been made, that would be the final act and not the preliminary act.

Mr. MINTON. In any event, before the municipality could have a final determination of the right to receive aid under this act, would there not have to be a determination by the Public Works Commissioner that the rate charged by the utility was unreasonable?

Mr. O'MAHONEY. I think not. That is not my interpretation of this language. Is that the interpretation of the Senator from Maryland?

Mr. RADCLIFFE. The Senator from Wyoming is entirely correct. The word "reasonableness" there has to do only with the matter of the offer of purchase. It has no concern with the question of the rates charged by the utility or any other company. It is restricted to the matter of price of the sale of the company.

Mr. MINTON. Let me ask the Senator from Wyoming a further question.

Mr. O'MAHONEY. I yield.

Mr. MINTON. Who, in his judgment, would be the judge of the reasonableness of the price?

Mr. O'MAHONEY. The Public Works Commissioner, after public hearing.

Mr. MINTON. Does the Senator think that would be final?

Mr. O'MAHONEY. Yes.

Mr. MINTON. Could the finding not be taken into the courts?

Mr. O'MAHONEY. I do not think so, unless the court action were based upon an allegation that the finding was arbitrary, and the public hearing, I think, eliminates that suggestion.

Mr. MINTON. Would not the Senator feel that the amendment would be safer if there were inserted in it a provision that the finding of the Commissioner should be final?

Mr. O'MAHONEY. Mr. President, I hope the Senator will not make that suggestion, because the purpose of this amendment is perfectly simple. It is to give notice to the people of the Nation that it is not the intention of this body, of the Congress, or of the Government to do anything which will interfere with free private enterprise.

I feel that the time has come when we should make it clear that, having won the objectives of maintaining the rights of popular development, we should not proceed to crush private enterprise. The unfortunate fact is that a feeling is growing in this country that the purpose of the Government is not to encourage private enterprise, but to crush it, and to substitute big government for private business.

The amendment suggested by the Senator from Indiana would, in my opinion, have a very unfortunate effect.

I say that, because there has been declaration after declaration by the President of the United States, by Members of this body, by Members of the House, by officials in the executive arm of the Government, that the purpose of the Congress and of the Government is to encourage free private enterprise. Now, let there be no doubt about it.

Mr. HILL. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Alabama.

Mr. HILL. Does the Senator know that we have the Federal Works Agency and then we have the P. W. A. under the Federal Works Agency? Mr. Carmody is head of one and Colonel Clark is at present the head of the other. The finding would be made by the head of the P. W. A. or the head of the Federal Works Agency, would it not?

Mr. O'MAHONEY. It would be by the Public Works Commissioner, who, I understand, is Mr. Carmody.

Mr. HILL. We have the Public Works Administration under the Federal Works Agency. Is it the idea that the finding would be by the head of the Federal Works Agency?

Mr. O'MAHONEY. Whoever is the Public Works Commissioner. I adopted that title at the suggestion of the Senator from Kentucky [Mr. BARKLEY].

Mr. HILL. That is the "Public Works Administrator." Is that the language in the amendment?

Mr. O'MAHONEY. No; it is "Public Works Commissioner," as the amendment now stands.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. BARKLEY. Under the Reorganization Act, the plan adopted by the President, the name is changed. This would come under the Public Works; it would be the Public Works Commissioner. He is the same official. He has charge of the Public Works Administration. He has charge of the entire public-works program—roads, or whatever may be in progress in the way of construction. He has an over-all charge of it.

Mr. HILL. That is the office held today by Mr. Carmody.

Mr. BARKLEY. Yes; the office held by Mr. Carmody.

Mr. HILL. May I ask the Senator from Wyoming another question?

Mr. O'MAHONEY. I am happy to yield.

Mr. HILL. It is the Senator's intention to strike out the word "Commission" and put in the word "Commissioner"?

Mr. O'MAHONEY. That has already been done.

Mr. HILL. Then, as I understand it, the finding of the Public Works Commissioner will be final in the matter; and in making the finding the question will be solely as to whether or not a reasonable offer has been made.

Mr. O'MAHONEY. Yes; unless, of course, I must acknowledge, that if there were arbitrary action there would still be appeal to the courts. But, Mr. President, in drafting this amendment, with the assistance of officials in the executive arm of the Government, it has been my purpose to avoid certain other restrictive amendments, which, in my opinion, have a lawsuit in every line. The language of the amendment avoids that difficulty.

Mr. HILL. I am glad to hear the Senator say that, because that is the very thought I had in mind.

Mr. O'MAHONEY. I thought the Senator had that in mind.

Mr. HILL. We have had many lawsuits, particularly where any matter of public power has been involved. We have had many splendid projects held up for years through injunctions and lawsuits, and I want to see every safeguard is provided to prevent and inhibit lawsuits.

Mr. KING. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. KING. I am somewhat in doubt with respect to the words "at reasonable rates or prices." I am in doubt who is to determine the reasonable rates or prices. Is this intended to supersede the authority possessed by the public-utilities commissions of the respective States?

Mr. O'MAHONEY. No, indeed.

Mr. KING. Because they might say that a certain price is reasonable, and I should be very sorry to take from them that authority.

Mr. O'MAHONEY. No; I should say that the decision of the public-utilities commission in any State would be controlling as to the reasonableness of the rates.

Mr. KING. I should preserve that authority, and would be very much opposed to transferring the authority of the States and their public-utilities commissions, to determine the reasonableness of rates, to some functionary in Washington, whether it was Mr. Carmody or any of his assistants.

Mr. O'MAHONEY. I quite agree with the Senator. There is no possibility of that under this amendment.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. NORRIS. There is so much confusion in the Chamber that I am not clear as to just what modification has been made.

Mr. O'MAHONEY. I will read the modification.

Mr. NORRIS. Let me ask the Senator a question before he does that. There are two parts to the amendment as printed. One has already been agreed to.

Mr. O'MAHONEY. The amendment which is covered by the last three lines on page 2 has already been adopted and is not now before the Senate.

Mr. NORRIS. Yes; that is not a part of the pending amendment.

Mr. O'MAHONEY. That is not a part of the pending amendment.

Mr. NORRIS. I should like to know how the amendment now reads.

Mr. O'MAHONEY. I shall read the amendment to the Senate, beginning in line 2, page 1:

*Provided*, That in order that the competitive system of private enterprise for profit shall be maintained and encouraged, loans under this subsection shall be so administered as not to promote any undertaking in a field now adequately supplied by existing competitive private enterprise or by existing noncompetitive private enterprise at reasonable rates or prices, unless in the latter case a reasonable offer is made to acquire the facilities of such noncompetitive enterprise and such offer has not been accepted, and a finding—

This is the change—

as to both the reasonableness of said offer and also as to the failure of acceptance has been made by the Public Works Commissioner.

The Senator from Maryland [Mr. RADCLIFFE] was of the opinion that the original language in the amendment, "a



finding to that effect," might be subject to misinterpretation, and his amendment was merely clarifying.

Mr. NORRIS. I think the change does not in reality alter the amendment at all.

Mr. President, I do not want to take the time of the Senator in making an argument—

Mr. O'MAHONEY. Mr. President, there was an apparent omission. I did not read the language correctly. It should read:

And also as to the failure of acceptance has been made after public hearing by the Public Works Commissioner.

Mr. NORRIS. I ask the Senator whether his amendment has any other object than to prevent the construction by a municipality of a municipal electric light plant?

Mr. O'MAHONEY. Mr. President, I beg the Senator's pardon. My attention was diverted by my conversation with the clerk. May I ask the Senator to repeat his question?

Mr. NORRIS. So as to obtain an understanding as to what the amendment is driving at, is there any other object in the amendment except to prevent a municipality from obtaining assistance if it wants to put in a municipal electric light plant when one already exists and is privately owned?

Mr. O'MAHONEY. That is not the purpose of the amendment. The purpose of the amendment is to carry out this sentence in the letter of the President of the United States to the Senator from South Carolina [Mr. BYRNES]:

I have caused estimate to be made of the extent of the field for investment of funds in revenue-earning channels on a self-liquidating basis, and in no way competitive with private enterprise.

Mr. NORRIS. Even though the Senator's amendment may have some other objects that might be very worthy, would not one of the effects of his amendment be that it would for all practical purposes prevent a municipality from obtaining any assistance when it wanted to put in a municipal electric-light plant?

Mr. O'MAHONEY. No, Mr. President. I do not think it would by any possibility have that effect. I have in mind private hearings—that is to say, hearings which were open to anybody who wanted to come in—which were held by Public Works Administrator Ickes when questions of this kind arose while he was administering public works. I am sure no one will intimate that, so far as the Public Works Administration under Secretary Ickes was concerned, there was any attempt on the part of the Administration to restrain municipalities from development.

Mr. NORRIS. Let me ask the Senator another question. Assume that municipality A is now supplied with electricity by a privately owned company; assume that it wants to take advantage of the proposed act and put in a municipally owned electric-light plant; if this amendment were agreed to, for practical purposes would not that be impossible?

Mr. O'MAHONEY. I do not think so. I do not think there is any possibility of such an interpretation.

Mr. NORRIS. In other words, the determination of the citizens to put in a municipal light plant would not be the final determination as to whether or not it could be put in?

Mr. O'MAHONEY. It would be the final determination so far as they were concerned, with their own money.

Mr. NORRIS. Yes.

Mr. O'MAHONEY. However, under this amendment they could not come to the United States and borrow the money if they were unwilling to buy out the privately operated utility at a reasonable price, to be fixed by the Public Works Commissioner after a public hearing.

Mr. NORRIS. Yes; they would have to have a public hearing by the Public Works Commissioner. He would have to pass on those questions, whether or not the citizens had reached a determination to do it, before any assistance could be granted.

Mr. O'MAHONEY. The Public Works Commissioner would have to make a finding.

Mr. NORRIS. I do not want to take up the Senator's time. I am not questioning his motives in any way. However, in my own time I wish to show—and I think I can—that if this amendment is adopted, so far as municipal light plants are

concerned they are out of the picture, and that for practical purposes it would be impossible for municipalities ever to go through the *modus operandi* provided in the amendment and obtain a municipal plant through any assistance which the municipality might seek under this particular provision.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. BARKLEY. The Senator's amendment would not prevent a municipality from establishing a municipal hospital on the ground that it might compete with a private hospital?

Mr. O'MAHONEY. I think not.

Mr. NORRIS. Why would it not?

Mr. BARKLEY. Nor would it prevent a university from building a dormitory for its students on the ground that it might compete with private boarding houses?

Mr. O'MAHONEY. I think not.

Mr. NORRIS. Suppose there were a private hospital in the municipality and the municipality wanted to establish a municipal hospital; would it not be necessary to have a public hearing and a finding by the public works commissioner?

Mr. O'MAHONEY. Not at all, because a hospital is not a competitive industry.

Mr. BARKLEY. I was about to suggest that it would come within the category of a noncompetitive industry.

Mr. O'MAHONEY. Exactly.

Mr. BARKLEY. The amendment now before us is practically the same as the understanding we had when we passed a previous public-works program. The understanding was not put into the law, but, as the Senator may recall, I was authorized by the President to state, and I stated on the floor of the Senate, that none of the money would be used to establish a municipal light, water, or other utility plant where there was an existing plant, unless and until an offer was made in good faith to purchase the existing plant at a reasonable price. So far as I know, there has been no complaint with reference to the administration of that act or the keeping of that understanding. I have never had an instance brought to my attention of Mr. Ickes, as Administrator, undertaking to lend money to a municipality to establish a competitive utility system. I do not even know that he subsequently made any loans for that purpose. That arrangement or understanding was, of course, acceptable to him and to the President and was carried out in good faith, although it was not incorporated in the law itself.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. WAGNER. Let us assume a situation in which a ferry is providing transportation facilities for a community across a river; let us assume that the community itself decides that it would prefer to provide transportation for its citizens by a bridge, and to impose a toll for passage across the bridge sufficient to maintain it and liquidate the debt. I take it a ferry is a public utility. Its rates are regulated. Under the provisions of the Senator's amendment that community could not obtain a loan to construct the bridge unless first there were a hearing to determine whether or not the ferry was adequate to provide transportation across the river.

Mr. O'MAHONEY. I do not think that interpretation is justified. Of course, the intention was to apply to enterprises of the same character. A bridge and a ferry both provide transportation, or means of transportation. However, they are not of the same character. I do not think the interpretation suggested by the Senator would be a reasonable one.

Let me say to the Senator that it is a tremendous mistake for him to raise small questions of detail. The preponderant question is whether the Government will stand behind free public enterprise, or whether there is an attempt to substitute Government for free enterprise of its citizens. The answer to that question must be made clear. If it is not made clear, the continued slide downward which has been manifest will continue.

Mr. WAGNER. Mr. President, I did not know that I was inviting that sort of protest. My purpose in asking the

question was to try to make it clear that an enterprise such as I have mentioned is not within the intent of the amendment offered by the Senator. I see a distinction. I think it would be a strained interpretation to say that a bridge offers the kind of competition with a ferry which would be included in the amendment. While I am quite happy to receive the admonition of the distinguished Senator, my purpose was entirely different from the view he has apparently taken of it.

Mr. O'MAHONEY. If I misinterpreted the Senator's attitude, I apologize.

Mr. WAGNER. I wish to make my attitude clear. I am sure the Senator does not intend that such a proposal as I have just mentioned should come within the intent of his amendment.

Mr. O'MAHONEY. Such is not the intention; and I do not think it would be a proper interpretation.

Mr. WAGNER. The amendment should not be so interpreted?

Mr. O'MAHONEY. That is correct.

Mr. KING. Mr. President—

Mr. O'MAHONEY. I yield to the Senator from Utah.

Mr. KING. I take the opportunity to state in the Senator's time that he has just submitted a statement which I think will meet with the approval of all who believe in our form of government and with the disapproval of those who are determined to force state socialism upon our country.

I desire to make one further observation. I was wondering why the committee of which the distinguished Senator from New York is chairman did not invite Mr. Ickes, who is one of the ablest of the representatives of the Government in the executive department, to present his views respecting this bill. I have been advised, whether correctly or not I am not prepared to state, that he submitted to some organization or to the press a statement in which this bill was analyzed, and he pointed out many of its infirmities. I was wondering why this great committee, when dealing with the important question presented before it, did not have Mr. Ickes testify instead of Mr. Carmody, or others, for Mr. Ickes has had larger experience in conducting activities that come within the periphery of the influence of this bill than has any other man in the executive department, and he has exhibited a courage and an independence and honesty and efficiency that have not been paralleled, in my opinion, by the executive of any of the other departments of the Government. I wonder why the committee did not have him before it to testify instead of some of the other persons whose experience in dealing with these important questions is not comparable to that of Mr. Ickes?

Mr. O'MAHONEY. Mr. President, the question propounded by the Senator from Utah, I think, was propounded yesterday and answered by the Senator from New York, but, if the Senator from New York cares to make further reply now, I will be very happy to yield to him for that purpose.

Mr. WAGNER. Mr. President, the question has heretofore been asked.

Mr. KING. I did not know that.

Mr. WAGNER. And I attempted to reply to it. In the first place, I want to concur entirely in what the Senator from Utah says about the administration of Secretary Ickes. There was a time when he was criticized in certain quarters for making loans to municipalities which enabled them to build electric generating plants, in order to supply electricity to communities as a public service rather than a private service. I am very glad that finally even the critics of that particular activity now accept that as a very sound policy to pursue.

I wish further to say that no one suggested the calling of Mr. Ickes. So far as I am concerned, I always value and treasure the advice of Mr. Ickes upon any of these matters; his advice would greatly influence my action; but Mr. Ickes has no part in the administration of any one of the activities provided for by the proposed pending legislation. We called before the committee those public officials who would have the administration of this proposed act in charge; we limited those called to witnesses of that character; but I am sure that,

if anybody had suggested that Mr. Ickes might be able to give us valuable information, we would have at once invited him to appear. I do not know from what the Senator from Utah stated but that Mr. Ickes had made criticism of this particular act. I am not informed as to that, but I have never seen such a criticism on his part anywhere.

Mr. O'MAHONEY. Mr. President, after the Senator from Kentucky had indicated that this amendment was acceptable to him, I had hoped that the amendment might be adopted without protracted debate, and for myself I have no desire to occupy the floor of the Senate unnecessarily, but I am uncertain whether or not the Senator from Nebraska or some other Senators may desire to discuss it.

Mr. BARKLEY. I will say to the Senator that I am informed the Senator from Nebraska desires to address the Senate on the amendment.

Mr. O'MAHONEY. Then I shall withhold further discussion of the amendment until later.

Mr. HILL. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield the floor.

Mr. NYE, Mr. AUSTIN, and Mr. HILL addressed the Chair.

The PRESIDENT pro tempore. The Senator from North Dakota [Mr. NYE] is on the list to be recognized at this time and the Chair recognizes him. Does he yield; and if so, to whom?

Mr. NYE. I yield first to the Senator from Vermont.

Mr. AUSTIN. Mr. President, for the information of the Senate, I wish to say that when this amendment shall have been perfected in its language I believe there will be a substitute offered for it.

Mr. HILL. Mr. President—

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Alabama?

Mr. NYE. I yield.

Mr. HILL. If I may, I should like to have the opinion of the Senator from Wyoming on the question raised a few moments ago as to who would make the findings. The Senator has, I believe, in his amendment now designated the Public Works Commissioner. I understood, however, from what the Senator from Wyoming said it was his idea that the head of the Federal Works Agency, which is the supreme Works Administration, should have the decision. If so, the official designated should be the Federal Works Administrator. That is the title of Mr. Carmody.

Mr. O'MAHONEY. That was the language which I originally incorporated in the amendment, but which I changed at the suggestion of the Senator from Kentucky. I am very happy to go back to the original language, if the Senator from Alabama so desires.

Mr. HILL. In that connection, I will say I consulted Document No. 262, of the House of Representatives, which contains the President's message embodying the reorganization plan, and, if it is the purpose of the amendment to put the head of the Federal Works Agency in the position of making these determinations, then it should designate the Federal Works Administrator, who is the head of the Federal Works Agency.

Mr. O'MAHONEY. Having made the change at the suggestion of the Senator from Kentucky—

Mr. BARKLEY. I do not care what he is called, so that we get the right man.

Mr. O'MAHONEY. I hesitate to change back again.

Mr. BARKLEY. I think we may straighten that out during the address of the Senator from North Dakota.

Mr. O'MAHONEY. Very well.

Mr. DANAHER. Mr. President, will the Senator from North Dakota yield?

Mr. NYE. I yield to the Senator from Connecticut.

Mr. DANAHER. Mr. President, in line with the suggestion of the Senator from Vermont [Mr. AUSTIN] that a substitute would be offered for the pending amendments submitted by the Senator from Wyoming [Mr. O'MAHONEY], I should like to take a moment to read into the Record at this point the substitute. Then I shall confer with the Senator from Wyoming and ascertain from him whether or not an agree-



ment can be evolved with reference to the exact language of the proposed substitute, which would be inserted in the general provisions clause of the pending bill on page 18, line 6, and which would read as follows:

No funds, whether loans or expenditures, shall be made available under this act to any Federal, State, or local public body, or to any person or corporation, for use by any such agency, person, or corporation to purchase, establish, construct, relocate, or expand any mill, factory, plant, or commercial enterprise which is or will be as a result of such loan or expenditure in competition with any existing industry or commercial enterprise, provided the limitation herein shall not apply to any such loan or expenditure for a public hospital.

Mr. O'MAHONEY. Mr. President, I want to make a comment on the proposed amendment which has just been read by the Senator from Connecticut. I am very fearful that the language which he has just read would be altogether too broad, because it would clearly prohibit all loans under the farm-security sections of this bill, because a farmer who obtained a grant on farm security would unquestionably be a person and he would unquestionably be in competition with every other farmer. I am sure the Senator does not want any such effect as that now, but I will be very glad to discuss the matter with the Senator during the address of the Senator from North Dakota.

Mr. DANAHER. Mr. President, if the Senator from North Dakota will yield a moment further, I should like to point out that the limitation applies against a plant or a commercial enterprise and certainly it is not generally considered that a farmer is either one.

Mr. O'MAHONEY. Farmers erect plants on their farm, and certainly are engaged in a commercial enterprise when they sell their commodities.

Mr. BARKLEY. Mr. President, if the Senator from North Dakota will yield, I note that the Senator from Connecticut exempts hospitals in his amendment.

Mr. DANAHER. I do.

Mr. BARKLEY. That indicates the difficulty of drawing specific exemptions. Hospitals, I suppose, are included in his exemption, because in the committee when we were attempting to frame language and finally did adopt a section, it was so drawn that under the road program, which has been eliminated from the bill, a bridge could not be built if it competed with a ferry. Under the language of the Senator's proposed substitute I doubt very much whether a university could build a dormitory which might be held to be in competition with a hotel or a private boarding house, which are commercial enterprises. I think that the language of the Senator's substitute is so broad that it would be difficult to administer it without lawsuits and various legal efforts to prohibit the expenditure of money anywhere under this bill.

The whole proposition ought to be limited to the public Works Administration and expenditures under it. It ought not to have any relationship to Rural Electrification, because there is already a provision which takes care of that. It certainly ought not to have any relation to Farm Security or Rural Rehabilitation. It can only be applicable, as a matter of fact, to expenditures by public bodies like the cities, counties, and States; and it seems to me the amendment offered by the Senator from Wyoming takes care of that. I should not want it to be broad enough to apply to R. E. A. or to Farm Security.

Mr. DANAHER. I thank the Senator.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5375) to promote nautical education, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6746) to amend certain provisions of the Merchant Marine and Shipping Acts, to further the

development of the American merchant marine, and for other purposes.

The message further announced that the House had passed a bill (H. R. 7171) to amend section 22 of the Agricultural Adjustment Act, in which it requested the concurrence of the Senate.

#### ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 5375. An act to promote nautical education, and for other purposes;

H. R. 6746. An act to amend certain provisions of the Merchant Marine and Shipping Acts, to further the development of the American merchant marine, and for other purposes; and

H. R. 6984. An act to provide a feasible and comprehensive plan for the variable payment of construction charges on United States reclamation projects, to protect the investment of the United States in such projects, and for other purposes.

#### HOUSE BILL REFERRED

The bill (H. R. 7171) to amend section 22 of the Agricultural Adjustment Act was read twice by its title and referred to the Committee on Finance.

#### WHO SHALL MAKE WAR FOR AMERICA—THE PRESIDENT OR THE PEOPLE?

Mr. NYE. Mr. President, I am aware, of course, of the desire to expedite the passage of the pending bill; and yet, in the light of the fact that opportunity is becoming more and more limited, I think I owe no apology for the privilege I am taking today in support of the attitude and the determination which have resulted in abandonment of the effort of this winter and this spring to repeal the arms-embargo portion of the Neutrality Act.

In the light, though, of the desire to expedite matters, I am going to make a request unlike any I have ever hitherto made—a request to be privileged to make my remarks without interruption this afternoon, but with a definite understanding—indeed, a wish—that it be understood that when I shall have finished my remarks I shall gladly lend myself to answering any questions that may arise.

Perhaps there is substance in the contention that a situation might arise in Europe that would invite and warrant steps by the United States that would be helpful to one group of warring nations as against another group of nations at war. It does not follow, however, by any manner of means, that we should therefore so shape our American laws that we would be found automatically aiding one group of nations when they went to war. It seems to me that if experience has any message for us it is that the time and events inviting our participation in Europe's squabbles should be determined by Congress, never by the President and his Cabinet alone, and that repeal of laws intended to keep us from playing favorites in other people's wars, such as the arms embargo, should come only through decision by Congress after Congress has determined what are the facts, circumstances, issues, and causes involved and inviting us to participation in those wars.

That is a consideration which has played a considerable part in shelving the proposal of the Roosevelt administration to alter our neutrality law even to the extent of repealing that feature of it which forbids American exportation of arms, ammunition, or implements of war to nations at war. This repeal is asked as an aid to preventing war in Europe. It is called one of those "steps short of war" that will prevent war. History and experience tell us clearly that such a repeal at such a time as this would be a step to war. To repeal the arms embargo would be to encourage certain countries to go to war. This can be maintained as readily as interventionists can and do maintain that the repeal would discourage certain countries from going to war. To repeal the arms embargo and make our country the arsenal for certain countries in time of their wars may be a "step short of war," but it is likewise a definite step to war for our country.

I think no clearer defense is afforded of the issue that was presented in this challenge of repeal of the arms embargo than was that published some 10 days or 2 weeks ago by that eminent authority, John T. Flynn.

Under date of July 24 he wrote:

After all the shooting and the fireworks and the "fear for our national safety" in case the President's neutrality plans did not pass, a fact comes out which seems to put the whole subject in a fairly clear light.

When the President found that he could not get the votes for his plan, a statement emanated from official quarters to the effect that, should any sort of European crisis develop or should war break out, Congress would be called in special session without delay.

And should Congress be called, what would it be asked to do? It would be asked to pass legislation or authorize acts respecting the attitude and policy of this country toward the belligerents.

Look at this again and what you see in this—that the legislation we now have prevents—

Mr. President, I place emphasis upon the word "prevents"—

prevents the President or the State Department from putting this country on one side or the other of such a war.

If you are a very wise person you may be able to foresee just where war will break out and what about. But the chances are you cannot. The scene changes quickly. At one time it is Czechoslovakia that is threatened and destroyed. A little later it is Albania. Later still it is a question whether Germany and Poland will go to war over who shall control Danzig and Pomerania. Then suddenly the issue rises between Great Britain and Japan in Tientsin. And, almost before we know it, the threat appears in Mongolia between Japan and Russia.

What and where it will be tomorrow and what about we can only guess, and perhaps guess badly. And what we would do in case of any of these wars we can only surmise. If Poland and Germany fought over Danzig, where would our sympathies be and how far would we go to express and support them? What would we do in case Russia and Japan fought over Mongolia? Where would we stand if Germany and Russia fought over the Ukraine? Who can say?

And who can say what the extraneous and unpredictable special issues will be so far as we are concerned in any case?

Now, all that being so, what possible objection can any American make to a situation in which the question of what our course will be is left to Congress? It is certain that if we renounce neutrality and throw our support to one side or the other we will almost certainly be drawn into the war. Where the issue is so grave and its consequences so appalling, should the decision be made by anybody less than the representatives of all the people—not the President alone, not the House alone, not the Senate alone, but the House, the Senate, and the President acting together in their legislative capacities?

This is where we now stand. When war comes the Congress can be summoned. If it is a question of what we are to do, it ought to be summoned.

The President says his hands are tied. That is true; but they ought to be tied. No one man, however important or responsible, ought to be permitted to have the decision over the fate of 130,000,000 people. No man ought to want it. From every point of view the situation is now almost what it should be.

Mr. President, I declare a great fondness for so direct and splendid an exposition of the issue which was presented to the country by reason of this request involving repeal of the arms embargo.

The controversy over repeal of the arms embargo involves a principle that people generally have grasped with surprising sureness. The principle is one involving the question of restricting the powers of a President in fields that invite the danger of war for 130,000,000 Americans, the question whether Congress should have a voice with the Executive in shaping a foreign policy which might involve the interests and the very lives of our people and our national institutions.

#### RISKS PEACE FOR STOCK-MARKET BOOM

It is high time that the American people were given the opportunity to see through and beyond the pretenses and errors of what seems to be our current American policy in foreign affairs. They have a right to know why so large a part of Congress—perhaps a majority—believes that official short-sightedness is being disguised and paraded as international morality, and why participation in foreign quarrels is disguised as neutrality. They, the people, have every right to know why, to a great many minds, the peace of the United States is believed being risked on an unlikely gamble in Europe; and, incidentally, risked in possible part for the sake of some investment bankers' selfish hopes of a stock-market boom.

#### CONGRESS OPPOSITION NOT WILLFUL NOR PARTISAN

This statement of principle and views is presented in order that the people may have—some of them perhaps for the first time—an opportunity to know that the opposition of Congress to the President's policy of intervention in foreign entanglements is not willful or partisan, but is based on a thoroughly realistic conception of the forces at work in the world today.

It can fairly be asserted that the program of the American people is that of keeping out of other people's wars. It is also their purpose and program to keep this Nation democratic. To Congress these people look for their protection for both peace and democracy. Congress under challenge recently clearly indicates that it is aware of the obligation this trust imposes.

The people of America are not children to be easily quieted by the slogan that on these subjects of peace and democracy the Executive always knows best. They know that such a claim is not necessarily true in domestic affairs. They remember that it has not always been true in foreign affairs. The people are now acutely aware that a hundred crimes against democracy can be made in the name of saving the present world, in whole or in part, and another hundred crimes in the name of protecting the international status quo. Frankly, a lot of people are a bit suspicious that the State Department officials and others have learned nothing worth knowing since 1914.

Members of Congress who are interested in keeping America out of war and in preserving our democratic form and spirit, naturally want to make entirely clear to the people the reasons for the prevalent opposition to the proposals for turning the whole power over war and peace to the Executive. This statement is directed to that end.

#### TRAGEDY IN STEPS SHORT OF WAR

First of all, anyone who knows the American people, their love for and allegiance to principle, their aversion to international bluffing, their respect for the maintenance of integrity when the position of their country is involved—anyone who knows the American people knows that it is not remotely possible in the shaping of an American foreign policy to have their country first bluff and then run if and when their bluff is called. Is it reasonable to assume that we can, by so-called short-of-war steps, throw our weight to the advantage of one side in Europe and then avoid going directly to war if our steps fail to prevent war? Either we are in or out of Europe's hates and squabbles. If we would be out, then we ought to know that any steps showing favor in Europe, however "short or war" they may be, put us in.

But in these more recent months the President of the United States seems to be under the impression that he can by threats, strong language, and promises prevent the breaking out of war in Europe. That is not only a serious error of judgment, proven so by experience, but an error easily leading to a tragic gamble with American lives, property, and institutions. "Steps short of war" can so easily be steps straight into war, as they have been in the past. A war in Europe or Asia will not be averted by the mere promise of American munitions to the naval powers of that continent. Their wars have causes going much deeper. Once such a war comes, and comes for reasons quite completely divorced from American considerations, any President who has threatened or promised American help to certain nations involved in that war will never be able to back down with the mere assertion that they did not mean what they said. Instead he is committed to go steps further and give the utmost help to those whom he has encouraged. His first step "short of war" then becomes one forcing him to fullest effort to get American ships and soldiers into that war. It would be proven morally impossible for him, however well armed he may be in moral fervor, to refrain from making the attempt. And a Congress, never willing to let the country be in the light of unfaithful to promises made by its officials in foreign fields, would find itself without an alternative to a response in keeping with the President's effort, even though Congress had had no hand in that first step, the step that was "short of war."



Most emphatic must be disagreement with this major thought in the President's current policy, the thought that he or we can do "everything short of war" and also stay clear of a moral obligation to follow through after a war has broken out. I propose to further lend myself—and I know that others do—to the purpose of preventing the disastrous results which so largely promise and threaten to flow from such an error.

It would be only fair of the interventionists to acknowledge that there is utter lack of consistency on their part when in one breath they speak of doing "everything short of war" in foreign controversies and in the next breath vow a determination to stay out of war. Truth would require them to say, when speaking of acts intended to influence foreign events, such as the proposed act of aiding France and England as against Germany and Italy, "This is an act short of war, but it may and probably will lead to war."

#### ASSUMPTION—OUR GOING TO WAR INEVITABLE

In the second instance, there cannot be acceptance of those other assumptions that seem to underlie our present conduct of foreign policy. They seem to be very poorly thought out.

Specifically, I do not accept the idea that if war comes abroad we are bound to get in. To accept that idea is to overrate the propaganda powers at the disposal of even a President who might be morally committed to taking sides in such a war. That underrates the intelligence and experience of the people. It underrates, as well, the courage of elected Representatives and Senators in Congress. It underrates the determination of the American people to preserve their democratic forms of government and the peace of their country.

If we must agree that a war in Europe makes our entry inevitable, what is to be said of the ability of 55,000,000 Scandinavians, Hollanders, Spaniards, and Swiss to stay out of the last war and of their determination to stay out of the next war?

We can stay out of Europe's wars if we have the will to stay out and the wisdom to profit from experience. We can stay out of war if we will break the possibility of selfish profiteering by Americans from other people's wars, if we will curb Executive power to secretly move toward war. We can stay out of Europe's wars if we will refrain from those things that might encourage Europe to go to war.

The truth is that America has permitted itself to be made more excited about the possibility of war in Europe than Europeans have been excited. American officials have, through the medium of secret conferences and borrowed worries, managed to scare the country in a way wholly out of proportion with what the European situation warranted. All this winter the American direction has been war. There have been prophecies of war and more war. Each week some American official seemed to be possessed of information assuring that such-and-such a day would bring the war.

War has not come. The prophets have not been honored as such by the visitation of a catastrophe upon the world through Europe. The information of our scare-mongers has obviously been bad—very, very bad. Yet we can expect further prophecies along the same line.

Europe, obviously, is going to work out her own problems in her own way and this without war if only we will let her alone. If, leaving her alone, war nevertheless comes to Europe, it will be plenty of time for America to determine whether the war is in any way, shape, or manner our affair and determine what, if anything, we are to do about it.

The administration here in Washington has seemed to labor all this past year under inside information that was used as authority to substantiate their fears and their demands for more authority and power. Would it not be better for the health of America if the executive departments would share their information with Congress and the people? Such a course might serve the very healthy purpose of destroying the feeling that our involvement in war was inevitable.

#### ASSUMPTION—PROSPERITY THROUGH ARMAMENT

With aversion we must look on the seeming attempt to tie our own economic fate to an active participation in European affairs. Newspaper reports of July 22, 1939, from Hyde Park, said:

Discussing the economic phase of the situation, the President quoted an unidentified investment banker to the effect that refusal in the Senate to revise neutrality legislation "will slow up the finest little economic boom we have had in some time."

This particular quotation is from the New York Times.

This is a painfully frank and open repetition of the successful attempts made in 1915 to scare the Nation into reversing its foreign policy to the extent of permitting loans to belligerents. We were told then, exactly as we are told now, that we could not have prosperity unless we did what the naval powers then at war wanted us to do, namely, reverse our foreign policy in their favor. The fact that the day of that bold Hyde Park statement marked a rapid rise on the stock exchange does not destroy the attempt to scare the Nation into believing that its financial and economic future is contingent upon the adopting of a foreign policy of active participation in the scraps, hates, and fears of Europe. This is regrettable and, to say the least, unworthy. We have been prosperous heretofore without yielding our independence from Europe, and we can and will be so again. It must never be our American wish to copy the Hitler program of prosperity through armament production and sale.

#### ASSUMPTION: ENGLAND, FRANCE HELPLESS WITHOUT US

Mr. President, speaking again of the erroneous assumptions seeming to underlie our present course in foreign policy, I do not for a moment believe the propaganda of these foreign and domestic missionaries among us who preach that a defeat of England and France is inevitable unless our foreign policy is changed and shaped to favor them. What reason is there for believing that a combination of the great naval powers plus Russia and the non-German states of eastern Europe cannot successfully withstand attack from the Central European Powers? Or is it possible that Russia, close to the danger of Fascist states, is not to take a hand, and that therefore we Americans must take Russia's place in the balance? I see no good purpose, and we have no wish to carry the military burden which would otherwise fall to Russia in the event that nation is as anti-Fascist as its friends here proclaim it to be. What good reason can there be for substituting American soldiers for Russian soldiers on the European front?

#### SURRENDER OUR INDEPENDENCE TO EUROPE

Third, I do not accept the notion apparently prevalent in the current foreign policy of the administration that a war involving France and England will necessarily have purposes either noble enough or important enough to America to be worthy of our automatic help to them. We only need remember and point to 1919, the secret treaties, the Treaty of Versailles, to Manchuria, Ethiopia, Austria, and Czechoslovakia to prove the justice of our disbelief in similarity of purpose. Again, we can well remember the entertainment by another President of a similar belief to the effect that British and French aims were the same as ours, his stated belief that after the Allies owed us billions they would be willing to take our advice and make a just and democratic peace. Is it not high time we acknowledged that these notions were and are tragic errors of judgment concerning the character of England and France? It would be pleasant, of course, to forget these errors of the past if only there were no present danger that another Executive had forgotten them.

#### MORE THAN AN ERROR OF JUDGMENT

Mr. President, it is important to note well in this connection that more than an error of judgment was involved in our last rally to English and French interests. Participation in war in Europe necessarily means that we become part of a giant machine. But in this machine the attributes of our sovereignty disappear. This will of our state is bent to the will of others, to their needs and purposes. We are necessarily tied to the self-interests of other nations. Our disinterestedness is lost in their errors, their fears, their defeats. American wealth and blood are put at the disposal of some Chamberlain whose sagacity and sense of democracy is at least subject to questioning by an overwhelming number of Americans. That is the essential truth about this assumption that English and French interests are at once American interests. To pursue that assumption today is only to invite

tragic repetition which found us once throwing control over the Nation's welfare to big business as was done during the N. R. A. days out of the noblest of motives.

Plainly, the repeal of the arms embargo would be giving England and France a great deal of help without our winning repayment of anything in kind from them. That is more naive trusting than the situation warrants. We know of no plans communicated to our Government by them of a just and workable political and economic system for Europe to be proposed now or at any time before a war or to be imposed by the victors after a war. We have yet to be informed that English interests in such nations as the Argentine have become more friendly to our own than they are to German interests. Surely we are not to forget the indifference of the present British and French Governments to the fate of two democracies which existed before 1938 in Europe. Surely we are not to blind ourselves to the fact that France is already giving up many of her democratic forms, that England is expected to follow suit, even in peacetime.

#### GIVE EVERYTHING AND WIN NOTHING

Mr. President, for the United States to give, automatically when they go to war, help to the great European powers, or to any nation, without any clear understanding as to their purposes in wartime and in peacetime is, to say the least, more naively trusting than the real and practical situation existing in the world today warrants. By way of future evidence it is only necessary to point to the fact that every other nation, great and small, in Europe which has been involved in British negotiations of late, since September 1938, has demanded from the British a clear and definite guaranty of her aims and objectives.

#### RUSSIA SHOWS GREAT CAUTION

For example, Russia, far closer to the danger zone than we, is very cautiously and deliberately driving a bargain for every bit of help she is asked to give England. That we alone, of all the nations of the world, are told to give help without any clear commitment as to the interests of the present governments of the great European powers in democracy as such is too much indication that we are being governed by the power of slogans and of blindness to our own best interests, just as we were in 1917. We are, in fact, the only nation in the world that is assuming, without question, the interest of the Chamberlain government in democracy. Not even her own dominions are so free from doubt on this vital question as our State Department would seem to be.

#### INTERVENTION POLICY BOTH STUPID AND CRIMINAL

We have no assurance, no guaranty, today that after we have given our full help—even after we have gone to war in their behalf—the present governments of England and France would refrain from indulgence in a peace treaty that would impose the shackles of slavery on millions of Europeans if only their own overseas possessions were saved to them.

Mr. President, it is neither cowardly, selfish, nor immoral for the United States to look to American interests and security. Our automatic participation on the side of England and France, which would be the net result of the present administration's effort and policy, does not even give us the pleasure of fighting for things we believe worth fighting for. It would simply make it possible for us to force or influence a just, reasonable, and democratic peace upon our friends and possible enemies. It puts the character of the peace, just as in 1917, into the hands of the rabid war patriots of those nations. This is not only stupid policy, but criminal as well.

#### TRAFFIC IN ARMS SURE ROAD TO WAR

Fourth, I do not accept, and I think very few Members of Congress do, what seems to be another false supposition of the present foreign policy of the United States, that one to the effect that our country can do nothing important or worthy for the cause of peace except as we stand ready to risk war and participate in war on one definite side.

Once we send arms abroad we have, in the minds of the people against whom these arms are used, definitely taken part in the fighting. We can then no longer approach the

people who have been bombed by American-made airplanes, gassed by American-made gas, and shot by American-made shells as friends of peace. To them, instead, we shall always be mere merchants of death, profiteers in human misery, seekers after "little economic booms" to be had through other peoples' wars. If our country is to count in a material way for the cause of peace we must stay clear of a traffic which, symbolically, is so important that indulgence in its profits will end our effectiveness as a peacemaker in wartime.

#### DESTROY OUR INFLUENCE FOR PEACE

It is amply demonstrated by experience that once this arms traffic is started, not only will the great naval powers refuse to listen to our proposals for peace, as England refused in 1916, because they know that our economic destiny is linked by war traffic to their own destiny, but their possible enemies will regard us with excusable distrust.

#### RESTRICTION ON WAR SALES ESSENTIAL

We must realize, of course, that the munitions traffic is only part of the war traffic in general, although it may run into billions of dollars. It does not follow that we must accept the prevalent idea that because the administration has so far successfully allowed full sales of war materials to some belligerents, we must, to be consistent, also allow full sales of munitions. On the contrary, as will be stated later, there is strong belief that, for the sake of our own peace, some restriction on the unlimited sales of war materials is essential, as was acknowledged and advocated by the present administration in 1936.

#### INTERVENTION FOR EUROPEAN DEMOCRACY MEANS LOSS OF AMERICAN DEMOCRACY

Finally, Mr. President, there cannot be unchallenged acceptance of that unspoken assumption of the present interventionist foreign policy that our country can risk a war and not stand in practically permanent danger of losing its own democratic powers. That danger is never spoken of by the interventionists. It is given the silent cure. It is ignored. But we ought to think deeply on the fact that there are more dictatorships today in the world than there are real democracies. History reveals that the most violent foe of democracy is war. We must note that England today is guaranteeing the life of nations which are little more democratic than are its alleged enemies—Germany, Italy, and Japan.

For us to fight for the independence of Poland, Russia, Greece, or Turkey is certainly not to fight for democracy. Nor is the squabble between Italy and the great naval powers about colonies in Africa a fight over democracy. The chances are that in order to maintain several tyrannies against similar tyrannies in Europe we shall be expected to yield our own democracy. It does not seem worthy of our common sense, nor of our high purpose of maintaining democracy at home.

A sizable number in Congress have made it clear that they do not propose to subject democracy in this Nation, already strained to a thin edge of endurance by unemployment and unhealthy conditions in general, to the colossal debt of another war, to the regimentation accompanying any major war, to the loss of its young men, to the accomplishment of a deadly peace, to the nationalistic and racial hatreds and intolerance which follow war in modern times. We believe in democracy, including the right of the people to have some say in what they are to die for, either directly or through Congress. I quote without mentioning the one whose language I quote:

There comes a time in the affairs of men when they must prepare to defend not their homes alone but the tenets of faith and humanity on which their churches, their government, and their very civilization is founded.

That time is before we have been taken into other peoples' wars by slogans, misconceptions, nebulous unrealities, and belligerent good will.

#### SAVE WHAT WE COUNT PRECIOUS

With vigor I challenge the assumption that our America, which has not solved its problems, can by war contribute any



effective solution of the problems of blood-encrusted hatreds of Europe. When we shall have found democratic ways of raising our own national income to a reasonable figure we shall have much to offer to the world by way of example. At the moment our fight for democracy is here, and will be here until our Nation is functioning to its full capacities. It will profit us little to win a war abroad and lose all that is precious here at home. There is hardly room for a consideration that would have us establishing, so to speak, a W. P. A. project in Europe, the purpose of the project being to afford employment for millions of Americans in the task of stopping the drifting of European borders, borders which have drifted since the beginning of time and which will continue to drift in spite of us or anything we may do.

#### CONGRESS SHALL DETERMINE OUR HELP IN EUROPE

On these foregoing definite statements of ground it is with enthusiasm that the wisdom of the present interventionist foreign policy of the Roosevelt administration is challenged. We insist and are determined that it shall be Congress, and not any single individual who happens in this year or that to be President, who shall determine when and how we shall participate in foreign quarrels which become our quarrels only as we inject ourselves into the quarrels of others.

#### HOW TO FORTIFY OUR PEACE

Mr. President, there are definite ways in which this insistence and determination may be fortified and made effective.

First. By refusing to permit repeal of the arms embargo we should require in addition that the President, in the event of war abroad, summon Congress into session before he has allowed a single American ship or traveler to venture into the danger zone. The present position of Congress, without the neutrality law changes demanded by the President, and with the cash-and-carry section back in the law, would require that after war breaks out abroad no major decision involving the risk of American crews or ships, of property or citizens on the high seas, shall be made without the consent of Congress.

Second. To replace the bureaucratic control of our foreign affairs by a more democratic control it will be proposed, when next Congress considers the whole subject, that there be established a permanent joint committee of the House and Senate, with which the executive departments shall consult—in confidence, of course, when necessary—on all major decisions of foreign policy before final steps to decision are taken.

Third. It will be further proposed that the President be required to present to Congress such proposals as shall be made to the peoples of the world, and particularly to the peoples of Latin America, looking toward peace, prosperity, and the furtherance of democracy. We do not believe that loans for the benefit of heavy industries necessarily by themselves promote either the prosperity or the democracy of Latin American people. If fascism is effectively to be thwarted in Latin America, in Europe, or anywhere, the causes for its growth rather than its effects, deserve primary attention.

#### GREATER COORDINATION IN SHAPING FOREIGN POLICY

Mr. President, a far greater coordination between the Executive and the Congress is needed in foreign policy. This is to be achieved by including Congress in policy matters rather than by giving all powers and responsibility to the President. It is an historical fact that nothing so turned the peoples of the present dictatorships in Europe away from democracy as did the procedures involved in the declaration of war and the establishment of peace at the time of the writing of the Treaty of Versailles.

#### STATE DEPARTMENT GUESSES HURT AMERICAN PRESTIGE

Currently it does not make for an effective foreign policy for America for the spokesmen of the State Department to believe and assert that they have a majority of 100 votes for a certain policy, in this instance repeal of the arms embargo, in the House of Representatives, and then be found wrong to the extent of 141 votes. The State Department demonstrated itself clearly to be as completely removed from public feeling, public wishes, congressional feeling, and congressional wishes as any institution could possibly be. Nor

does it make for an effective foreign policy to have these same spokesmen so misunderstood and so misstate and misrepresent the meaning of the vote of the House—on the Voorhis amendment—as support for certain dictatorship, when, in fact, the amendment allowed arms of all sorts to go freely to the great naval powers of Europe through such neutral nations as Mexico and perhaps Canada.

#### CONGRESSIONAL PARTICIPATION IN FOREIGN POLICY ESSENTIAL

The founders of our constitutional government put the power to make war as far away from the Executive as could be done. They did not reserve this power alone to the Senate, which was then elected by the State legislatures, but reserved the power to Congress, including the Senate and the popularly elected House. But we have to acknowledge now that the essential war-making powers are exercised by the Executive before Congress is ever asked to declare war. If the spirit of the founding fathers is to be honored, it is obviously our duty today to secure for Congress a maximum of participation in matters of life and death originally intended for it. In these days when war means more certain curtailment of democratic institutions than in earlier years this participation by Congress has become more essential than ever before. If Congress does not assert that power, the people will certainly take it for themselves to the extent they can, through a referendum privilege. Incidentally, it is hardly consistent for the executive departments to oppose a popular war referendum on the ground that we have a representative form of government and then object to giving to Congress a full partnership in the essential decision involving war and peace.

Greater congressional participation in shaping foreign policy is necessary under any Executive. A jingo, determined to plunge us into long years of war in the Orient, if he were ever elected President, would need the active restraint of Congress as much as does an Executive personally and morally committed to one side in the European alignment.

#### NO SUPPORT FOR 1914 EXECUTIVE WISDOM

As a simple matter of history it is recalled that during the period 1914 to 1917 the Executive made certain claims to wisdom which have since been disavowed by both the present administration and by the Congress.

First, was the claim that American passengers should be allowed to travel on belligerent naval vessels in the form of armed merchantmen, regardless of how much they thereby jeopardized the peace of the Nation. This has been disavowed in every neutrality law since 1935 and in every administration proposal on the neutrality subject. Not only does the law forbid American passengers to travel on belligerent vessels in war zones, but the law further puts upon the President the responsibility and duty to decide whether armed merchantmen should not, in effect, be treated as the naval vessels of belligerent powers are treated.

Second, the claim that we could safely loan money to nations at war, as we did beginning in 1915, has been equally emphatically disavowed by Congress and the present administration. Every neutrality law since 1935 has forbidden such loans.

#### PEOPLE MISINFORMED ON FOREIGN POLICY

Naturally, there is as a consequence inclination to disbelieve that any Executive, present or future, is omnipotent on matters of American foreign policy or that wisdom will die with him.

The American people should be reminded, if they are not already amply reminded, that, without the active and constant participation of Congress in our foreign policy, they are not only likely to be uninformed concerning matters vital to them but that they, and Congress too, may again be misinformed, as they have been misinformed in the past, with tragic consequences.

In evidence of this there can be cited the admission by Secretary of State Lansing, in his letter of September 6, 1915, that the chairman of the Senate Foreign Relations Committee had been consciously misinformed—mind you, consciously misinformed—by the Department of State concerning our first change in policy, the change which permitted foreign loans to be floated in America.

Further evidence will be found in the fact, then unknown to the American people and unknown to Congress, that this same Secretary of State, as early as 1915, while he was enjoying the confidence of the people as one who was trying to keep our country out of war, desired our active military participation in Europe's war, and that he admitted later that he had failed to press our just claims against the naval powers—England and France. He said then, speaking of the protest notes dispatched to England:

Everything was submerged in verbosity. It was done with deliberate purpose. It insured continuation of the controversies and left the questions unsettled—

Mr. Lansing says—

which was necessary in order to leave this country free to act, and even to act illegally, when it entered the war.

#### OFFICIALS ADMIT BLUNDERS

Still further evidence is to be found in the fact that our State Department officials had realized that they had made a mistake in not warning American citizens off belligerent naval vessels and that their mistake had resulted in many American drownings. Nevertheless, the then administration, in spite of that realization, opposed congressional resolutions which would have prevented more such drownings. The American people, no more than Congress, knew that the Solicitor for the State Department was proposing to set aside "an adequate number of ships upon which our people may take passage and travel unmolested in European waters, those ships not to carry mixed cargoes of babies and bullets." Nor did they know that other high diplomatic officials agreed with the position that the State Department had made a tragic mistake in its decision. On the contrary, when Germany proposed this same plan, we Americans were all led by our officials to believe it was arrogant and hostile.

I cite further the fact that the administration of that time realized that it had made a great mistake in the submarine controversy, the mistake of extending American protection to belligerent naval vessels—armed merchantmen—and that it tried to undo this mistake, but that England refused to allow it to do so, and that the administration kept its plans to end the submarine controversy from Congress and from the people.

On January 18, 1916, our Government secretly proposed to England and France a solution of the submarine controversy. In effect this proposal was that all belligerent merchant vessels should cease mounting guns. This would have removed the excuse of the German submarines that they had to attack without warning, because if they ever exercised the alternative and stopped a ship by rising to the surface they would be bombarded by the armed vessels. Our Ambassador to England, Mr. Page, cabled that if our Government put this plan into effect the British would take their munitions orders away from us.

If we should insist upon our rights—in other words, if we should protect American peace and security—the British would take their munitions orders away from us. To the very end the American people were given to understand and believe that there was only one side to the submarine question in spite of the admission in private of our high officials that they had been wrong.

#### ENGLAND PREVENTS PEACE CONFERENCE

Again, and in furtherance of this same purpose, let another fact be stated—another fact unknown at the time to the Congress or the people—the fact that in February of 1916 the Wilson administration had in effect committed itself, in the House-Grey agreement, to enter the war on the side of England after calling a peace conference, which it was rather expected Germany might refuse to attend; nor were they informed that, in spite of constant pleading from the President, the British refused to allow him to call such a conference to obtain an early end to the war.

In view of such a record as is here cited, it can better be understood why so many of us in Congress entertain the conclusion that no administration, by any party or character, should ever again be left in a position to act so independently of Congress as that administration acted then; nor should

any Congress, sworn to protect the institutions of democracy, ever allow the fate of the Nation to be determined alone by the Executive. The suggested permanent joint committee of Congress to function with the executive departments in shaping foreign policy and decisions is urgently necessary as the danger of war in Europe increases.

#### DENY GIVING AID TO DICTATORS

Upon such of us as insist that Congress, and not the Executive alone, should determine our foreign policy there is directed a common slander to the effect that, consciously or unconsciously, we are giving aid to the European dictators. Of course, that is not the intent of our position, nor is it the effect of our position. The indignation of the American people over the antics in Germany, Italy's conquest of Ethiopia, the German-British dismemberment of Czechoslovakia, Japan's conquest of China, is shared by Congress to the fullest degree. Congress knows full well that American public opinion has no room, no tolerance, for intolerance, for barbarism, for cruelty, for merciless conquest, for the subjugation of alien nationalities. Indeed, many Members of Congress have tried, without any help whatever from the present administration, to block and check the development of these traits in specific cases. We still think that the sum total of our yielding to British foreign-policy wishes in the cases where we have yielded is the destruction of democracy and enlarged power for the dictatorships, their armies, and their navies.

Incidentally, if the refusal of the Congress to respond to the Roosevelt request for changes in our rules against involvement in European squabbles has had any such effect as encouraging the dictatorships, who is to blame for it? Who set up this straw man to begin with, if it was not the executive department? Who dragged this neutrality issue; who dragged this arms-embargo issue out here for public debate and for congressional action? The executive department did it, not the Congress; no individual within Congress. Who invited decision on this, to us, vital matter, if it was not the Executive? The subject never ought to have been opened at the time it was opened. It is but one more example of blundering without letting Congress and the people into the confidence of those who feel that they alone are capable of shaping our foreign policy.

#### NOT OUR AMERICAN JOB TO EQUALIZE MILITARY BALANCE IN EUROPE

It is emphatically not the business of our country to undertake to equalize the military differences between the various alliances of nations in the world. That would be impossible to begin with. Neutrality does not mean the interference that would be involved in such attempts at equalization. It means, instead, taking no steps during wartime to favor one nation over another, at least until we know what are the causes involved.

#### ENGLAND AND FRANCE ALREADY FAVORED

However, to clear up the misunderstanding occasioned by the frequent insinuation that our present neutrality laws favor the Fascist nations, let it be asserted emphatically and clearly that the present laws give the naval powers—England and France—almost every kind of American aid they could possibly or reasonably desire. Under these laws, and because of their naval predominance, England and France can—

First. Secure all the raw materials—oil, copper, steel, cotton, and so forth—they need. We should be constantly on guard against the various attempts made to scare us into believing that our foreign trade will be lost because of the present laws. These are attempts at scare mongering and false propaganda.

Second. They can have the United States Treasury, under the present tripartite-monetary agreement, support their currencies at a terrific cost to American taxpayers. During the last war this cost us about \$300,000,000 a month in late 1916.

Third. England and France under existing law can burden the investors of America by dumping foreign-held securities in the American market, thereby lowering the values held by American security holders.

Fourth. England and France under existing law can secure the services of American ships and crews in danger zones,



with resulting sinkings which surely will lead American public opinion to favor war against their enemies.

So we see how England and France, by accident of their naval strength and position, already enjoy advantages of tremendous importance under our neutrality law. It is true that they cannot under our law at the present time obtain arms, ammunition, and implements of war from us when they go to war; but they have had 4 years' notice of this—4 years in which to prepare themselves to meet the emergency of war without our help to this extent. If they have not so prepared, it must be because they have not wanted to do so; not because they could not afford to do so; not because they were not given ample notice of our American desire to get out of the business of helping a world at war to destroy itself.

We understand full well that the raw materials to which I have referred, and which are available to England and France, are a tremendous help to them in time of war. There certainly is no call upon us to repeal the arms embargo just to demonstrate that our sympathies are with them as against the dictator nations. Nor is there any justification for expressions of astonishment by England or France, their friends or their missionaries in this land, because we have not opened our doors for unrestricted munitions sales to them alone in time of war. Indeed, our law now goes to the aid of France and England away beyond what experience dictates to be right and fair and in the interest of our own American security. Wide open to doubt is the wisdom of permitting such help from us as is now available to these powers. Certainly these advantages can only jeopardize our own peace. On the basis of the entanglement of our trade, commerce, and investment with their military success or failure from 1914 to 1917, it is, to say the least, very doubtful to many that we should in cold blood chance repetition of that experience.

#### STRENGTHEN NEUTRALITY LAW

For that reason let there be assurance here and now that when the neutrality law is again submitted for change there will be renewal of the effort to restore section 2, the cash-and-carry section, which expired on May 1, 1939, and which the administration has made no effort to renew. There will also be effort then to limit to a normal quota shipments of materials to nations at war, to make ineffective in the event of war the tripartite monetary agreement, to restrict the dumping of foreign-owned securities in the American market, and to place all trade with belligerents on a strictly carry-at-your-own-risk basis.

Incidentally the proposal to limit trade in other than munitions with nations at war to a normal basis was opposed by the administration in Congress and voted down, with the one result that Japan has secured from us the bulk of her war materials for her conquest of China. A normal-quota law would have prevented all but a small part of Japan's war purchases here.

#### GAMBLE ON FOREIGN WARS

The American people should be aware of the fact that the excess between normal foreign trade and war-boom trade is dangerous to the peace of their country. Once we have gambled our nation's economic prosperity on one set of nations at war, we are quite apt to find our foreign policy favoring those particular nations. It was sheer cold fear of sudden loss of trade, fear of depression, which led our governmental officials to allow the floating of the war loans for the naval powers in 1915. In that instance the Secretary of State informed the President that unless we changed our neutrality laws there would be "industrial depression, idle capital and idle labor, financial demoralization, and general unrest." Ambassador Page later cabled the President:

Perhaps our going to war is the only way in which our present preeminent trade position can be maintained and a panic averted.

The only way to avoid a panic was to declare war, according to these men to whose hands our neutrality and our destiny were entrusted.

Ambassador Page went on in the same cablegram to the President and said:

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I think the pressure of this approaching crisis has gone beyond the ability of the Morgan financial agency for the British and French Governments.

Remember, Mr. President, the people, the Congress, had no knowledge of these communications, of this kind of consideration. This was all behind the scenes at that time. Ambassador Page is saying to the President:

I think the pressure of this approaching crisis has gone beyond the ability of the Morgan financial agency for the British and the French Governments.

Would it have been any more emphatic if Ambassador Page had said to the President: "The Morgans are at the end of their rope. The American bankers alone can carry this burden no further. It is now necessary, if America is to maintain her prosperity, for America to declare war against Germany"? Not a thought was uttered concerning the cause of democracy or a desire to end war. We were urged to avoid the kind of a panic that would come if we lost the war-boom business that we had come to relish to a point where our officials could not think of giving it up.

#### PUT OUR DESTINY IN ENGLAND'S HANDS

It was the threat of England's refusal in 1916 to continue buying from us which caused us to refrain from pressing England to accept our proposal to end the submarine armed merchantmen controversy. Her statesmen acknowledged that they preferred to have that controversy continue rather than end because of its effect in drawing us into war. Colonel House wrote:

[Lord] Grey was very fine about it. He said, of course, it would be to the advantage of Great Britain for the United States to enter the war, and if he agreed to do what we requested it would mean that the United States would remain neutral.

It was England's knowledge that our foreign policy had been changed to her advantage and that it would ultimately bring us into the war if ever Germany renewed her submarine sinkings which influenced the English decision to decline President Wilson's peace offer of 1916.

#### MORGAN COMPANY TELLS BRITISH HOW TO GET AROUND OUR REGULATIONS

All of this goes to show that not only did our American Government know that England was using our war trade to force changes in our foreign policy, changes to her advantage, but the bankers were aware of this power in Britain's hands and the power of war trade over American policy. It was a power we had given to England, not the Congress, but a President and a Cabinet who were operating, but not in the open, where the people and the Congress could see the steps that were being chosen. In November of 1916 the Federal Reserve Board warned American investors against taking unsecured foreign paper obligations. The firm of J. P. Morgan & Co., bankers for the British and French, immediately urged England to use the pressure on us of cutting off war orders to secure a change in that Federal Reserve Board warning and policy. In cabling their British associates, the Morgans said:

We can see no way, except for your authorities to consider ways and means for immediate curtailment of purchases, letting such action be announced without rancor, but emphatically with possible good effect upon American foreign policy.

The Morgans are saying to their associates, "Have the British authorities somehow make it known to America that if these regulations stand they are going to cease buying American goods." The Morgans say, "That will probably bring America to her senses respecting her foreign policy." Surely, in the light of experience, in the light of facts which have been so clearly recorded it should be a first American purpose to destroy such powers as selfish and misled individuals and interests enjoyed at that time, and surely we are not wanting to repeat the tragedy of those days of little more than 20 years ago.

#### CALL IT LAW TO KEEP OUT OF WAR, NOT NEUTRALITY

Interventionists are always eager to demonstrate that our so-called neutrality law is not neutrality at all, that it favors one nation as against another or others, that at the present time the law favors Germany and Italy. I have already proven the falsity of this allegation. But let it be admitted

that no law in this field is possible that will not hurt one side perhaps more than another in time of war. But remember that the law is written before war comes. And let it be remembered that even more than the establishment of neutrality the purpose behind the neutrality laws was and is that of helping the United States to stay out of other people's wars.

"MUNITIONS MAKERS TOOK US TO WAR"

One does not speak of the influence of war trade upon our American thinking while other nations are at war without being reminded that there has been constant effort by interventionists to cast some of us, and particularly the Senate Munitions Committee, as having entertained and of entertaining the belief that it was the munitions makers who took the United States to war in 1917.

No member of the Munitions Committee to my knowledge has ever contended that it was munitions makers who took us to war. But that committee and its members have said again and again, that it was war trade and the war boom, shared in by many more than munitions makers, that played the primary part in moving the United States into a war that became an affair of ours only as we were interfered with and molested in our pursuit of the profit we found available from other people's wars.

Mr. BONE. Mr. President—

The PRESIDING OFFICER (Mr. DOWNEY in the chair). Does the Senator from North Dakota yield to the Senator from Washington?

Mr. NYE. I yield.

Mr. BONE. I think one of the most popular illusions, which has been deliberately promoted by certain publicists in this country and certain politicians, who have in their hearts what to me is almost a vulgar desire to sanctify profits out of war trade is that the members of the Munitions Committee of the Senate undertook to charge our entry into the World War exclusively to the actions of our munitions makers. There never was any assertion of that kind made; on the contrary, the emphasis was always laid upon the inescapable fact that it was the highly profitable general war trade that sucked us into the war. Our munitions makers were but a part of the program that finally and hopelessly involved us. To be sure, munitions makers were vulgar in their greed. They were making vast fortunes out of the war trade, but other people were also making money out of it, too. All the breast beating today about our rights abroad predicated on the intolerable assumption that we should send our boys to fight on alien soil in order that a few fellows could make a profit out of operations far from America. We overlook the fact that we are jeopardizing the very life of the Republic in assuming that the exercise of these so-called rights on the part of a few of our nationals to make money in such extraterritorial activities justifies a war. I am glad the Senator from North Dakota has again expressed the view that the members of the Munitions Committee of the United States Senate never did assert, at any point I can recall, that munitions makers alone dragged us into the World War.

Mr. NYE. I appreciate greatly the Senator's contribution.

Mr. BONE. If we go into another war, in my judgment, it will be because we will have allowed our own people to make so much more money out of war trade, which we will try to defend by force of arms, that such defense will lead to war. Our problem is not in dealing with foreign nations but in muzzling the greed of our own nationals.

Mr. NYE. The eminent service by the Senator from Washington as a member of the Munitions Committee, to which he has referred, was a service of such intimate acquaintance with the whole problem as to qualify him more than amply to make the declaration concerning the purposes and the ideas of the committee and the conclusions it reached. I am delighted that he has made this statement on the subject.

Mr. BONE. We are hearing much discussion about the rights of our nationals in the Orient. As a matter of fact,

our whole trade with China represents about one-seventh or one-eighth of the annual chewing-gum bill.

Mr. NYE. Exactly.

Mr. BONE. Our nationals operating in China trade do not pay one penny of income tax to support this country, although they are in a position now where they may demand at any time that we send our fleet to defend them over there. If we go so far as to make a warlike gesture of that kind we might involve this Republic in a war which in all probability would cost \$50,000,000,000. To add that intolerable burden to our present national debt would in itself threaten the very life and perpetuity of the Republic. To support a few traders over there we might invite ruin at home. I do not believe that the American people want to pay that kind of a crazy, tragic price to enable a few hucksters to do business in the Orient. We display little reverence for the Republic in promoting such ideas.

Mr. President, it seems to me that our clear duty in Congress is to make America safe for Americans in America and not to support by armed force and war a few businessmen in the Orient who have gone over there at their own risk. If they are there at the risk of the lives of helpless American boys, we should know it right now.

Mr. NYE. Mr. President, I can only suggest, in view of what the Senator from Washington has just said, that I believe he is not very much in sympathy with the views expressed a few days ago that the failure of Congress to repeal the arms embargo had denied to America or destroyed for America the chance for a neat little economic boom.

Mr. BONE. Mr. President, I do not want to interrupt the Senator's remarks again, and perhaps I should not have interrupted him to the extent I have, but I think millions of Americans will agree with me that it takes a degree of gall bordering on impudence for men who have gone to the Orient, as I stated at their own risk, and engaged in business there to demand that America send her sons over there to die so these hucksters may continue to do business there.

They talk about treaty rights. Mr. President, if anyone were to take the trouble to read the history of China he would find that the treaties with China made after the Taiping rebellion, were made with a gun pointed right at China's heart by the great western powers we call "democracies." Poor old China was prostrate and helpless.

I am sure the Senator from Idaho [Mr. BORAH] will agree with me that when these so-called treaties were entered into, which had to do with the so-called "rights" of foreign nations in China, poor old China was crushed and helpless, and, while she was in that terrible condition, treaties were forced upon her which gave these European nations whatever rights they have since used as a basis for subsequent trade rights.

These so-called "rights" were extracted from China at the muzzle of guns held by so-called Christian nations.

Mr. President, it is on that sort of rotten, immoral foundation of brute force that the rights of these so-called modern nations in China rest. The thing smells to high heaven. We may be called on to send our boys over there to be butchered simply for the purpose of supporting such rights. As one Senator in this body, I am not willing to send our boys to China to protect hucksters. We have desperate troubles here at home. We have gangsterism here. An army of men have been shot to death in the streets of one of our big cities which will probably outnumber the total number of European nationals who have been killed in China. We had better clean up our own sore spots, wipe out the rotten conditions that exist in our cities, establish social justice here, instead of trying to save our consciences by sending American boys to the Orient.

Mr. NYE. Mr. President, I thank the Senator from Washington for the splendid statement he has made. He is not alone in the sentiment he expressed. He speaks not alone for himself but for untold multitudes when he gives voice to what he has said on the floor of the Senate today.



## OUR GOVERNMENT BLIND TO EXPERIENCE

In conclusion let me say that the American people have learned nothing from experience if they are now unwilling and unready to believe and know that once our large industrial and financial interests are allowed to base their activities on foreign war business, instead of on American economic development, they automatically become a vested interest in securing the change of our neutrality and they are as removed from the plain facts of modern life as the gentlemen in the State Department seem to be. It is hard to believe that the American people have learned nothing from the last war. It is fair to proceed on the assumption that they are not all willing to travel the same road and make the same tragic mistakes again.

## KEEP FOREIGN POLICY CLEAR OF MOTIVES OF ECONOMIC SELF-INTEREST

It should be the constant endeavor of the American people and their Congress, even at a sacrifice if need be to both, to keep our foreign policy clear of motives and economic self-interest. It is so clear that if we pursue the opposite course and show any will or interest in participating in foreign controversies, such as would be shown were we to follow the wishes of the present administration and repeal the arms embargo, we sign away such chance as might be ours to avoid war. When we indicate by law or deed that we have chosen sides in a European controversy our prospective allies know that our economic self-interest prevents our strict neutrality, they know they can afford to ignore our protests, as England did. When they think that economic self-interest will, in time, pull us into their wars they can ignore our offers of peace mediation, as they did before. If the United States is to make itself count in the interests of peace, real and lasting peace in the world, it must have its hands clean of attempts or desires to profit from catastrophe. We must instead be prepared to stand before the world, not as a partisan, not as an accomplice, but as an independent power, uncommitted and un beholden. Our citizens must never be permitted to risk the Nation's peace for the sake of high profits. We must cling to that high purpose declared by President Roosevelt when, during his last campaign for election, and before investment bankers had his ear, he declared, speaking of the event of another foreign war: "If we face the choice of profits or peace, the Nation will answer—must answer—we choose peace."

## CONGRESS' PLACE IN PARADE TO WAR

Mr. President, to these ends we shall be able to work in a wholly successful way when the people will continue to make clear, and make ever clearer, to the President and to fellow interventionists in this country that they wish America to remain at peace; that they wish America to remain democratic; that they wish Congress to be a check on the Executive instead of a cheering section in any parade toward war; and that they see only tragedy, stark tragedy, in such steps as that one which would deny us the advantage which the arms embargo definitely affords, or that step which would find us pursuing that pot of gold that some investment banker sold to the President a few days ago.

Mr. President, I ask unanimous consent that there may be printed in the RECORD at this point the following: An editorial entitled "In Case of Crisis," appearing in *Colliers* under date of April 15, 1939; a letter under date of July 9, 1939, appearing in the *New York Herald Tribune*, from George Mackas, under the heading "Neutral President?"; the release of an article under date of today, by Frederick Sondern, Jr., under the title of "The European Whirligig"; and excerpts from a sermon by Harry Emerson Fosdick, appearing in the *Christian Science Monitor* of June 28, 1939, under the title "On Fighting Evil with Evil."

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Dakota?

There being no objection, the matters referred to were ordered to be printed in the RECORD, as follows:

[From *Collier's*, April 15, 1939]

## IN CASE OF CRISIS

We lived through a war crisis last spring. Again last September war scares squirted through loudspeakers. Actually, we were close

to catastrophe. Perhaps we shall escape the rumored war this spring. When the rumors get noisy, remember these hard-boiled facts:

1. A faked war crisis is one of a dictator's best-known devices for taking his slaves' minds off home troubles—of which the dictators' slaves have more than plenty.

2. An exaggerated foreign-war crisis, by the same token, is one of the best-known devices whereby a political party in power in a democracy can take the voters' minds off its mistakes on various home fronts, and build up for the next election a cry about not changing leaders in time of peril.

3. When the Italians and Germans suddenly learned, shortly before the Munich peace parley, that they actually faced war, there were angry antiwar demonstrations even in those secret-policed and soul-shackled countries. The presumption is still strong that Europe's masses will not want a war for a long time. Until they do, only a foolhardy European government will declare a war or start a big undeclared war.

4. Our Navy at present runs a fairly close second in strength to the British Navy, the world's strongest. Odds are 100 to 1 that if war comes the British will not be lined up against us.

5. Hitler's logical next thrust is eastward, toward Russia's Ukraine. If Hitler wants to have it out with Stalin, there is no call for us to lift a finger to interfere, both Nazi-ism and communism being sworn enemies of democracy.

6. Communists, Nazis, Fascists, and their "fellow travelers" want to embroil us in the much-predicted European war in one way or another. The moment we go galumphing into such a mix-up we lose our democratic system for the duration, as in 1917-18. That will quite possibly enable one of these fanatic factions to wade to power through wartime or postwar chaos and end our democratic system for good.

7. European statesmen are seasoned power-politicians and international poker players. Ours are not. As a people, we think first and last of world welfare when a crisis comes. If we go to war to save civilization, we shall be the only nation that does so. The others will be fighting for (a) their own hides and (b) postwar loot.

8. Inland, we are impregnable. Our coasts have the aforesaid world's next best navy to defend them. The flocks of world-circling bombers the doom merchants squall about have not come into existence yet, not even in blueprints. Hence, we can afford to wait plenty long before joining somebody else's war.

By keeping these items firmly in mind, we ought to stand a good chance of resisting, through all war scares in the near future, the propagandists whose dearest wish is to see us act like a nation of hysterical fools every time foreign power politicians talk about war.

[From the *New York Herald Tribune* of July 9, 1939]

NEUTRAL PRESIDENT?—READER FINDS ROOSEVELT HAS TAKEN SIDES ALREADY

To the *New York Herald Tribune*:

No newspaper has done such a thorough job as has the *Herald Tribune* in convincing its readers that President Roosevelt is wholly unfit by temperament to conduct our domestic affairs in the best interest of our country. You have pointed out his prejudices against business, his impatience with all who differ with him, his steady usurpation of authority, his habit of distorting facts and calling names, his total lack of calmness and restraint when his pet schemes are at stake. Often you have called upon Congress to reassert its constitutional powers, to retire the President to the Presidency and to put an end to his destructive policies that were leading us to ruin.

So thoroughly have you convinced your readers that Roosevelt cannot be trusted to handle our domestic affairs properly that we are equally convinced that he is not to be trusted to conduct our foreign affairs as well. Therefore, we are amazed that you should advocate giving Roosevelt a free hand in foreign affairs by modification or outright repeal of the Neutrality Act, and you claim this should be done in the interest of "real neutrality."

The Roosevelt administration has not been neutral in the last 5 years. On every possible occasion high officials of the administration, and even Roosevelt himself, have voiced their objections to Hitler and Mussolini in terms much stronger than those used by any responsible officials in England and France. Embargoes have been placed on German and Italian goods; statements have been made that we will support England and France against Germany and Italy by more than words but by measures short of war. The President has definitely and deliberately allied our country against Germany and Italy. He has taken sides in a war even before that war has begun. This is not neutrality. Unless some restraint is placed on Roosevelt, his acts will surely provoke a war and subsequently force us into it. We should like to believe him when he says he is acting to preserve peace, that he does not intend to lead us into war. But his past promises show us he is not to be believed, as you have so often convinced us. He promised to restore prosperity, to reduce economic strife, to provide jobs and security. Not one of these promises has been realized. After 7 years of depression we are convinced that his conduct of domestic affairs has not been in the best interest of our country. How, then, can we trust him to handle our foreign affairs in our best interest, when our very existence is at stake?

GEORGE MACKAS.

BROOKLYN, JULY 8, 1939.

## THE EUROPEAN WHIRLIGIG—NEWS BEHIND THE NEWS

(By Frederic Sondern, Jr.)

LONDON.—Senator BORAH and some of his colleagues expressed considerable doubt during the recent neutrality debate in Washington about the accuracy of the State Department's information on European affairs. There is plenty of reason for the Senator's qualms. A small but very powerful clique within the Department—led by Ambassadors Kennedy and Bullitt—has been playing the game for the western powers in a way that often colors and even distorts their reports.

Mr. Kennedy and the British Prime Minister have now reached a degree of intimacy where they address each other as Neville and Joe. And with an Englishman as pompous as Chamberlain, his bestowal of the right to use his first name is more of an accolade than the Order of the Garter. And Joe loves it. The Ambassador's obvious delight at the honors which the canny foreign office has caused to be showered on him often amuses the more experienced career men of the Embassy. "Joe is on the way to Downing Street again. I wonder what Chamberlain wants now?" is a remark one frequently hears in the corridor. When the Prime Minister desires to have information go straight to the White House without passing through the meddling checking of the State Department's experts, Joe obliges and calls F. D. R. on the phone—direct. As a result the reports which come to the Department and those which are telephoned to the President "straight from the horse's mouth" are frequently very different. Whether Joe is fooled or not in Downing Street is hard to say, but it is certain that almost always he transmits the version of any situation as he gets it there without checking and as gospel. His dispatches before and during the Czechoslovakian crisis last September forecasting war as a certainty have become classics among the cynical veterans of the Department. He is repeating the process as Prime Minister Chamberlain's astute propaganda leads up to the next step of the appeasement program. Faithfully Joe echoes Neville's blasts that Britain will fight for Poland, all appeasement efforts have been dropped and England will not give another inch. The State Department observers, perhaps not as highly but better informed, think otherwise—and so do most of the insiders in Whitehall.

The French "work" Ambassador Bill Bullitt somewhat differently. Bullitt, though strongly Francophile, has much experience, a very sharp wit and—unlike Kennedy—gets no particular thrill out of social prominence. But he does love intrigue and hocus-pocus, with which Premier Daladier and the Quai d'Orsay supply him in masses. Mercurial and petulant by nature, he is rather prone to snap judgments, prejudices, and wishful thinking. Under the stress of last September, infected by Kennedy's outbursts and calls for battleships, he also inundated Washington with France's will to fight and all the rest of the diplomatic mumbo-jumbo that went with the Munich sell-out. And he now is doing it again. Bullitt, also, often uses the phone to go over the Department's head to Franklin who takes his opinion of the situation as incontrovertible fact.

Both of the envoys would love to play at power politics, have often said it was a pity that the Foreign Service's hands were too tied. The blocking of the Bloom bill by the suspicious Senator from Idaho and his friends has destroyed great hopes for power and glory in the "State Department within the State Department."

[From the Christian Science Monitor of June 28, 1939]

## ON FIGHTING EVIL WITH EVIL

(By Harry Emerson Fosdick)

[Excerpts from the sermon]

For some of us it is easier to believe in the Christian theology than in the Christian ethic. A generation ago many were saying: "We cannot believe your Christian ideas of God, but the ethical principles of Jesus are the hope of the world."

Today, however, it is the ethical principles of Jesus that are difficult.

By the Christian ethic, I mean no mere ordinary, humane decency, loving those who love us, but rather the radical, sometimes incredible, demands of Jesus that we love our enemies; that if smitten on one cheek we turn the other also; or if compelled to go 1 mile we go 2 instead; that we do good to those who hate us and pray for those who spitefully use us and persecute us. There is the rub today.

The reason for this is the extraordinary vividness with which a powerful temptation assails us all, the temptation to resist evil with evil. \* \* \*

In personal relationships we are habitually tempted to meet bad temper with bad temper, resentment with resentment, sometimes chicanery with chicanery, and in all this we are morally sustained because we think we are resisting evil—as, indeed, we are, but with evil.

At that crucial point Jesus parts company with us. It is there that his revolutionary ethic begins.

Listen to him: "How can Satan cast out Satan?" Hidden away in the third chapter of Mark's Gospel that searching question stands, summing up, I think, the essential meaning of Jesus' way of life. "How can Satan cast out Satan?" How can evil be the cure of evil? How can two wrongs make a right?

No question could be more pertinent to our modern world, where today violence rises on every side, ill will is rampant, aggressive

iniquities must be resisted by good men, and the temptation to fight evil with evil is almost irresistible.

What apes we are! We copy those we hate. We fight evil with evil and become the evil that we fight. We will conquer them, we say, and so first of all we let them make us in their image.

All this we do thinking Jesus to be a visionary idealist. He is not. His ethic shows a more realistic insight into what is going on in this modern world than does our boasted hard-headedness.

Despite their governments, the people of all the nations in their hearts and homes want peace. Somewhere, sometime, millions of men and women must stand up and cry, "We're through; we will not go on forever with war causing more war, causing more war, causing more war still."

If someone says, "But we may be compelled to go to war!" I ask only that the meaning of that be realistically faced. For in the war you say America is compelled to enter every cruelty that human beings, implemented with unprecedented instruments, can inflict on human beings will be inflicted. \* \* \*

Let us take a further step and note that whether or not this principle of Jesus that evil is not to be fought with evil appeals to us depends primarily on what it is that most of all we want. Do we really want to cast out Satan? Do we most of all desire to get rid of the evil of the world? Multitudes of people want something else altogether—their own prestige, personal or national, their gain and profit, their vengeance even, or their private conquest. Of course, to such Jesus' ethic is preposterous.

If we say in certain personal relationships this ethic can be made to work and it was only of these individual relationships that Jesus was thinking, I suspect that shows how little we know about Jesus' world. He was not tucked off in a forgotten corner of the earth. He lived on one of the major highways of the Roman Empire. Every breath of news, I suspect, from the Thames to the Euphrates soon or late came to Nazareth.

He lived in a violent generation when force ruled the world and might made right as terribly as it does today. He lived in a nation seething with violent revolt. He dealt not only with Saducees, compromising with Rome; not only with Pharisees, waiting for their supernatural Messiah to come from heaven and redeem them; but with zealots, fiery, militant, revolutionary rebels, crying out for bloodshed to make right their heinous wrongs.

This public situation, so dreadfully like ours, Jesus had in mind when he turned His back on revenge and bloodshed and based His ministry on undiscourageable good will.

How perennial a temptation that is. How terribly it assails us all today—to join forces with the devil to beat the devil; to fight evil with evil.

This does not mean that all use of force is satanic. Coercion has its proper place in life, always indicating a pathological condition but capable of salutary use in the interests of the whole community, as, for example, against the insane or the criminal. Even in such realms, however, the Christian ethic has been so far influential that not retaliation but cure and reformation have become the test and aim of intelligent procedure.

Because one believes in municipal police, one is not by any logic driven, as some seem to suppose, to believe in war. War is a highly specialized form of force, in its preparations, procedures, and results distinguishable from any other of force's exhibitions. One may believe in the police and think dueling wrong; one may grant the salutary nature of coercion communally applied for the good of all and still think gladiatorial shows are unmitigated and out-moded evil.

Do not represent me as having said that it is simple to apply this principle to the world's large affairs. It is desperately difficult. No one of us is wise enough to see around the next corner. Only as Americans this seems clear: That we are at the fork of the road and that either we are going to throw the vast influence of this Nation on the side of those constructive forces that make for international good will and conference instead of violence, or else we are in for an era dominated by our aping of our enemies.

They make war. We make war. They build vast armaments. We build vast armaments. They use poison gas. We use poison gas. They say, All restrictions off on the most brutal instincts of mankind. We say the same, until once more, fighting evil with evil until we are the evil that we fight, far from conquering our enemies, we let them make us after their own image.

So at long last, at the end of a ruinous era, we shall be facing again the question—which God grant us grace to face now before it is too late—"How can Satan cast out Satan?"

Mr. BRIDGES obtained the floor.

Mr. BONE. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield.

Mr. BONE. I merely want to make one further observation, and then I shall be happy to yield to the Senator from New Hampshire [Mr. BRIDGES].

Mr. President, I was tempted to say what I did in connection with the remarks of the Senator from North Dakota because in recent weeks I have received from my own beautiful State of Washington a series of reports from health officials in various counties, pointing out that a large number of children of very tender years, even infants in arms, are suffering from hunger, some of them bordering on absolute



starvation. I think it is impudence to talk of the rights of hucksters in a foreign land when we in America face that sort of a situation at home, and find ourselves apparently helpless to meet it.

Many years ago a French novelist, Le Sage, wrote a book, *Gil Blas*, in which he portrayed a character, if I recall his name, Pedro Garcias, a vulgar person who carried his soul in his purse. At times it has almost seemed to me that America was beginning to carry her soul in her purse, for profits to those whose greed might easily thrust us into a deadly war seem to bulk larger at times in some quarters than the lives and the hopes of our own boys.

I have heard more comment in some quarters about the rights of hucksters in war trade than I have heard about hungry babies. God help a country where that sort of thing can go on unchallenged. Imagine Senators voting to send these hungry and half-fed kids, who are bewildered by economic adversity, out to support a huckster in China. The soul of America is dead if we do it.

Let me say to the Senate that a nation which tolerates such a philosophy is not going to continue to function very smoothly, Mr. President. It is time we quit sublimating our lust and desire for money in all this holy crusade about trade rights. There cannot be any "rights" abroad which are worth preserving unless the rights of Americans here at home are first preserved. We had better cease all this babbling about American rights abroad until we firmly establish on an enduring and permanent foundation the right of Americans here at home to share in the decencies of life. In the most beautiful country on God's footstool, a country with illimitable natural resources, with illimitable possibilities for human happiness, we are in a life-and-death struggle with poverty which overwhelms millions. We have not yet solved that problem, and yet there was a suggestion that the Congress should enter into a debate which would occupy weeks and weeks respecting the "rights" of a few Americans abroad.

Who here wants to send his boy out to die in a new "holy war"? Why not pour all that restless zeal for traders in faraway lands into a new crusade for economic justice in America? If we have to choose between some company remaining in a Chinese port or a deadly war, it were better for America to remove its nationals for the time being and settle by negotiation later on. A war in the Orient would increase our debt by probably \$50,000,000,000. We would have to have a Navy with three times its present increase if we hoped to carry on a successful war there. And God knows what would happen to our \$100,000,000 battleships if we ever sent them over there, 7,000 miles from home. All this to preserve "rights" exacted at the point of a gun.

Mr. President, the time is coming when we will have to determine the wisdom of entering a war to support American trade rights abroad. "Rights?" What about the "rights" of ten or twelve million Americans who cannot get jobs here? If war came, we would induct these hopeless Americans into the Army to go out and fight for "rights" that are now denied at home to them.

Until America has solved her own economic problems and made America safe for Americans under the Stars and Stripes it is impudence for us to talk about making the rest of the world safe for anybody, including our own hucksters who are doing business abroad. Charity begins at home. If justice is not enthroned here, we betray our own people.

I repeat what I said before. Men in the China trade came to Congress and obtained a law which eliminates income tax on them. Now we are told that these beneficiaries of tax exemption have "rights" so impressive that we should, if need be, draft the boys of America and send them abroad to fight for such "rights." Yet they do not in their oriental operations pay to support the Navy, the very guns of which would belch defiance to their enemies in the Orient.

Mr. President, it is time we gave up the Philippine Islands and got out of that danger zone. Another war would surely wreck this Nation. I have not found a man in public life in the Capital of this country who does not frankly admit that another great international war in which we partici-

pated would destroy the Republic. Why temporize with this phantom of death?

Why all this glib talk about another war? What would we fight it for? The cold-blooded, ruthless announcement is made to us as Members of Congress that it is now our "foreign policy" to defend American rights everywhere. If we have the faintest adumbration of intelligence, patriotism, and love for the men who died on gory fields to preserve the Republic we will be sure that we firmly establish the rights of our own flesh and blood in America under the Stars and Stripes before we start establishing rights for anybody on foreign soil.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 281) to amend further the Civil Service Retirement Act, approved May 29, 1930.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1558) to provide for the acceptance of an easement with respect to certain lands in New Mexico, and for other purposes.

The message further announced that the House insisted upon its amendments to the bill (S. 2009) to amend the Interstate Commerce Act, as amended, by extending its application to additional types of carriers and transportation and modifying certain provisions thereof, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. LEA, Mr. CROSSER, Mr. BULWINKLE, Mr. COLE of Maryland, Mr. WOLVERTON, Mr. HOLMES, and Mr. HALLECK were appointed managers on the part of the House at the conference.

#### NEW MEXICO AND ITS CITIZENS—PERSONAL STATEMENT

Mr. HATCH. Mr. President, will the Senator from New Hampshire yield to me?

Mr. BRIDGES. I yield.

Mr. HATCH. Mr. President, a bill relating to certain so-called pernicious political activities has been pending before Congress throughout weeks, and even months. During that period of time much publicity has been given to the measure. I should be extremely ungrateful if I did not say that I deeply appreciate the very favorable reception which has been accorded this measure by the press of the country generally. I have no hesitancy in saying now, as I have said upon other occasions, that if there is any credit due for the passage of this legislation the major part of the credit rightfully belongs to the press of the country.

The very gallant and altogether unselfish fight led by the Scripps-Howard newspapers has done more to acquaint the people of the country with the true objectives and purposes of the bill than I or any of the sponsors of the bill could possibly have done. At some time I hope I may in a more suitable manner express my gratitude to all the newspapers and magazines which have helped in carrying on the fight and have contributed so much.

I do not forget, Mr. President, that the idea of applying the civil-service rule to prohibit political activities by employees in the nonclassified civil service came from an editorial which appeared in the *Washington Post* more than a year ago. I mention that fact because of an article to which I shall presently refer.

The statement is made that my activities were caused by certain things which happened in New Mexico. I am very glad, Mr. President, that my activities along this line go back long, long before anything arose in the State of New Mexico or any charges were made, as both my colleague [Mr. CHAVEZ] who is present and the Representative from my State, who sits by my side, well know.

Mr. President, this parliamentary statement about the press of the country is not made to repay or to attempt to

repay in any manner the debt which I feel I owe to the press. I am making this frank statement and acknowledgment of the aid which has been given and of the appreciation which I feel because my remarks today will concern an article which appeared in a current issue of one of the great weekly magazines of the country.

Always it seems, Mr. President, something happens which strikes a discordant note. On yesterday that happened; and today I take the first opportunity of expressing a protest, not on my own account, but on behalf of others who for various reasons cannot appear and speak for themselves.

The current issue of the great magazine *Time* gives the measure of which I have spoken much space. When I say "great magazine *Time*," I mean great, for, in my opinion, it is one of the greatest magazines of the country. I am one of its regular readers. I find it to be an invaluable aid in keeping up with current affairs, not only in Washington and throughout the Nation but throughout the world. It is accurate and informative. If I may use the expression, "its pithy paragraphs pack a paralyzing punch" which is truly amazing.

So far as the bill I have sponsored is concerned, I have no complaint to make at the treatment it has received in this great magazine. I have every reason to appreciate the splendid articles which have appeared in it. However, on yesterday, in reading the article on the bill, a few short words caused me deep concern—words, Mr. President, which did not refer to me but to my colleague the junior Senator from New Mexico [Mr. CHAVEZ]. I shall not repeat the words, Mr. President. I do not want to insert them in the *RECORD*.

Certainly it is not my purpose to do battle for my colleague on matters of issues. He is well able to speak for himself. I have seen him on the stump, in campaigns, and in debate, and he needs no man to assist him in that field.

Contained in the article, Mr. President, are one or two words of which he cannot well speak. They are too personal and touch too deeply upon things which we all cherish, and of which we cannot ourselves speak.

The great State of New Mexico, which my colleague and I represent in the Senate, is a State which is rich in tradition, history, and even romance. It is a State which is blessed by scenery unsurpassed in the world. Its climate is ideal. Those of us who are fortunate enough to call New Mexico our home are proud of all her history and tradition, and we thrill with the beauty of her scenery. Merely to live in New Mexico is to enjoy privileges and happiness which even kings, with all their wealth and power, may not purchase, acquire, or enjoy in less favored regions.

In the State of New Mexico, Mr. President, the major part of our citizenry represents two great nationalities. I use the word "nationalities" advisedly, for sometimes a looser term is used; sometimes people even in New Mexico refer to the different "races." The people of New Mexico are not of two races. We have in our State honorable citizens of English and honorable citizens of Spanish ancestry. Long before the settlements on the Atlantic seacoast had been dreamed of, brave Spanish explorers had entered and extended their dominion over all the great Southwest. Today the descendants of those early Spanish settlers form a large part of the population of New Mexico. Also, of course, we have in New Mexico probably an equal number of English-speaking citizens of English ancestry. Throughout the years these two great nationalities have lived together, equally enjoying the privileges and advantages of our great State.

As one of the English-speaking citizens, I take great pride in the history, accomplishments, and achievements of my English ancestry, and my colleague, of Spanish ancestry, takes equal pride in the history, accomplishments, and achievements of his ancestry.

I attempt no flight of eloquence and use no high-flown words in portraying or in attempt to portray the history or accomplishments of either nationality. Both have much of which they can well be proud. It may also be that we both have that of which we should not boast. Each has its virtues; each has its strength; and each has its glorious past.

Among the Spanish-speaking people of New Mexico, I include some of my own warmest personal friends. I am proud

of their friendship. Looking back over the years of my residence in the State, and thinking of the many favors and honors that have come to me, I know that I could not have had them and that I would not be here today if it had not been for the loyal support of both nationalities.

Contributions to Government and State have been made by great citizens of New Mexico whether of English or of Spanish ancestry. I am proud of the records of them all. I recall with pleasure the greatness of McDonald, Ezekiel C. de Baca, Andrieus A. Jones, Antonio Lucero, Sam G. Bratton, Felix Garcia, Lindsey, Mechem, Larrozolo, Hinkle, Hannetts, Dillon, Cutting, Chavez, Seligman, Valdes, Gonzales, Morrow, Ferguson, Hernandez. Alike they have served their State with patriotism and devotion.

I cannot help but point with pride to the fact that in our State are two great peoples who live together, treating each other with respect, confidence, and friendship, in many instances with real affection, but always with sympathy and understanding.

Because this is the history of my State, briefly stated, I can not help but raise my voice today in protest against the article in *Time* which, to me, seems to cast an undue and unwarranted reflection not only upon my colleague, not only upon the members of his family, but upon that great part of the citizenry of the State of New Mexico to which I have referred.

Mr. CHAVEZ rose.

Mr. HATCH. Mr. President, does my colleague desire to interrupt me?

Mr. CHAVEZ. I should like to make a brief observation.

Mr. BRIDGES. Just a moment, Mr. President, I have the floor.

Mr. CHAVEZ. Mr. President, will the Senator yield very briefly while I make a short statement that will not take more than a minute?

Mr. HATCH. I will say to the Senator from New Hampshire that I have almost concluded.

Mr. BRIDGES. Very well. I will yield if the interruption shall be very brief.

Mr. CHAVEZ. Mr. President, I thank my colleague for the kind words with which he has eulogized the State of New Mexico and its citizens. I also read the article in *Time* and it affected me; it affected my people and it affected my State. It is an insult that shall be resented; but I do not want to take the time of the Senate today while there is pending a bill which the majority leader and the Members of the Senate desire to pass. It is not my purpose to speak on the matter now, but in the not far distant future before the session is over it is my purpose to show the gentleman who so slurred my State and a great people that we do have Americans there even if they are of Spanish ancestry, and that one of those whom he slurs and insults may be the Unknown Soldier lying in the tomb at Arlington.

Mr. HATCH. Mr. President, I may interpolate here with reference to what my colleague has said about the Unknown Soldier in the tomb at Arlington that I know, although I had not intended to refer to it, that in the Spanish-American War in 1898 Spanish citizens of my State enlisted and fought under the Stars and Stripes against Spain.

Mr. President, I was saying that I have taken the floor today to voice a protest, my own personal protest, against the insinuations and implications which reflect upon not only, as I have said, my colleague and his family but on the people of my State. Unthoughtfully I am sure it was done; unthoughtfully the wrong was inflicted, but, nevertheless, the cruel epithets, Mr. President, did wound and hurt and injure most poignantly, and, in my mind, most unnecessarily. I cannot hope to heal the injury; I do not hope to right the wrong; but my voice can be raised in protest against the slight and injury to my colleague, to his family, and to the people of his State and mine, and to the thousands of loyal, patriotic American citizens of New Mexico of honorable Spanish ancestry and descent.

Never again let such an implication be made; never again let cruel, unjust thoughts find their way in print to wound, hurt, and injure innocent men and women.



Differences there may be, and there are, in our nationalities, as there are in all nationalities; but in New Mexico, Mr. President, we are proud, whether we be of English or Spanish ancestry, that we have no difference in race. We belong, all of us, to the greatest of all races—the great white race.

#### PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES

The Senate resumed the consideration of the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes.

Mr. BARKLEY. Mr. President—

Mr. BRIDGES. I yield to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, I do not want to interfere with the Senator from New Hampshire, but I am wondering if we can make another effort, following the Senator's address, to enter into an agreement with respect to the limitation of debate during the further consideration of the bill.

Mr. AUSTIN. Mr. President, I think such an effort is practicable. However, I have agreed to call for a quorum whenever a request of that character is made.

Mr. BARKLEY. I should like to reach an agreement at this time, if possible, so that we may have some idea about the program for the remainder of the day.

Mr. AUSTIN. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from New Hampshire yield for that purpose?

Mr. BRIDGES. I do.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	Johnson, Calif.	Reed
Andrews	Davis	Johnson, Colo.	Russell
Austin	Downey	King	Schwartz
Bailey	Ellender	La Follette	Schwellenbach
Bankhead	Frazier	Lodge	Sheppard
Barbour	George	Lucas	Shippstead
Barkley	Gerry	Lundeen	Slatery
Bilbo	Gibson	McCarran	Smith
Bone	Gillette	McKellar	Stewart
Borah	Green	Maloney	Taft
Bridges	Guffey	Mead	Thomas, Okla.
Brown	Gurney	Miller	Thomas, Utah
Bulow	Hale	Minton	Townsend
Burke	Harrison	Murray	Truman
Byrd	Hatch	Neely	Tydings
Byrnes	Hayden	Norris	Vandenberg
Capper	Herring	Nye	Van Nuys
Chavez	Hill	O'Mahoney	Wagner
Clark, Idaho	Holman	Pepper	Walsh
Clark, Mo.	Holt	Pittman	Wheeler
Connally	Hughes	Radcliffe	White

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield to the Senator from Kentucky.

Mr. BARKLEY. I ask unanimous consent that following the address of the Senator from New Hampshire, during the remainder of the consideration of this measure no Senator shall speak more than once or longer than 15 minutes on the bill, or more than once or longer than 15 minutes on the amendment, and that the agreement shall exclude any amendment on the subject of highways, if one shall be offered.

The PRESIDING OFFICER. Is there objection?

Mr. HOLT. I object.

The PRESIDING OFFICER. Objection is heard.

#### POLITICS AND EXPROPRIATION

Mr. BRIDGES. Mr. President, there is an item in the spending bill for \$100,000,000 dollars for spreading good neighborliness in Latin America. This is in addition to the \$100,000,000 which the Export-Import Bank already has. The White House had contemplated \$500,000,000 in the pending bill, but I note that the figure has been cut to \$100,000,000.

Mr. President, I want to discuss our so-called good neighbor policy in Latin America. For some time the Roosevelt administration has been greatly concerned about fascism in Germany, and we have been deluged with propaganda to the effect that the menace is not confined to Europe, but that fascism is moving into Latin America.

While expressing this great concern about fascism, however, the administration has encouraged and even connived at the establishment of communism in Mexico. It seems, Mr. President, that the American people are even paying the bill.

I hope to prove to my colleagues that what has been happening in Mexico for the past 6 years and what has been happening here are of the same pattern, directed by the same forces, as much part and parcel of a united movement as if directed by one master mind and one master hand.

In this country, leading the movement, agitating it, encouraging it, has been the New Deal. In Mexico it has been the so-called Mexican new deal under the Cardenas government.

As part of the cooperation, our New Deal has encouraged its fellow travelers to the south to seize the property of American citizens. Through our silver policy we have even subsidized them in doing so. It has all been in line with the so-called redistribution of wealth propaganda which has not redistributed any wealth, but has come very near destroying it.

Now let us get on with the circumstantially convincing story.

The Mexican revolution has coincided in time and action with the so-called revolution in this country. As part of the Mexican upheaval, the Cardenas government, in March 1938, expropriated the oil properties of American, British, and Netherlands citizens. Strangely enough, in the light of the atmosphere engendered in this country at that time, this action caused no general indignation. Our own Government was engaged in trying to pack the Supreme Court. Lawlessness was the theme of both this Government and the government at Mexico City. Indeed, instead of our administration's taking immediate action in the matter, officials of our Government set out to honor the officials of the Mexican Government.

The prime mover in the Cardenas revolutionary program is Vincente Lombardo Toledano. He came to Washington less than 3 months after the expropriation took place, not to deal with the oil question but to make a speech and to be dined by such officials of the New Deal as John Carmody, at that time Administrator of the Rural Electrification Administration; Fred Silcox, Chief of the United States Forest Service; Mary Anderson, Director of the Women's Bureau of the Department of Labor, and others. But it will be better if you hear of this reception from Raymond Clapper, a columnist well known to you all and very friendly to the New Deal.

Writing in the Washington News of June 24, Mr. Clapper said:

Because it occurs in the midst of the State Department's negotiations with Mexico over seizure of foreign oil properties, there is unusual interest—and a little nervousness—over the circumstance that a group of Government officials are sponsoring the speaking appearance here Monday night of the prime mover in the Cardenas program, Vincente Lombardo Toledano.

He is a young and spectacular figure in Mexico's new labor movement, and he will discuss his labor program in which a major interest has been driving through the Cardenas expropriation policy.

Of the 10 sponsors for the Toledano meeting, 7 are in the Government. In addition, Oscar Chapman, Assistant Secretary of the Interior, was announced as chairman of the meeting, although it is possible he may be obliged to withdraw in order to fill a speaking engagement elsewhere for Secretary Ickes.

Arrangements for the meeting were made by Miss Alice Barrows, of the Office of Education in the Interior Department. She was the charming hostess at the famous dinner party early in the New Deal when her guest, the late Dr. William Wirt, Gary, Ind., educator, became so frightened that he told a congressional committee a band of "brain trusters" was plotting revolution and that Roosevelt was their dupe. She does have the most interesting parties.

Sponsors for the Toledano meeting include John Carmody, Administrator for the Rural Electrification Administration; Fred Silcox, Chief of the United States Forest Service; Mary Anderson, Director of the Women's Bureau, Department of Labor; Robert Marshall, United States Forest Service; Mordecai Ezekiel, economist, Department of Agriculture; Stuart Tice, Chairman of the Central Statistical Board; and Isador Lubin, United States Commissioner of Labor Statistics.

Ordinarily the speech of a foreign labor leader would be of passing interest only to Washington. But the fact that Toledano is the power behind the Mexican Government makes his appearance here significant at this time when the oil controversy is sufficiently

delicate to have delayed for weeks the return of Ambassador Joseph Daniels to his post at Mexico City. And the fact that Government officials are serving as sponsors for his meeting gives it more than ordinary prestige.

The State Department was not consulted by officials sponsoring the meeting and does not know whether Toledano intends to use the occasion to defend Mexico's oil policy. If he does, there might be some resulting embarrassment to the State Department in its negotiations, for the reason that the meeting almost certainly would be represented in Mexico as having the approval of the American officials sponsoring it.

Toledano has close relations with John Lewis and the C. I. O. movement here. John Brophy, director of the C. I. O., will share the program with Toledano Monday night.

The rise of the young Mexican labor leader has been as spectacular as that of John Lewis and C. I. O. here. He is not only supporting the Cardenas government and shaping its policies but is pressing it to turn the seized oil properties over to labor.

There is no disposition anywhere in the Government to try to head off Toledano's speech. That is not in the picture at all. Neither has the State Department attempted to interfere with those Government officials who are lending their names and support to the meeting. The administration doesn't insist upon the same strict discipline among executive officials that it asks of Democrats in Congress. Everyone downtown is free to sing pretty much in his own key. But some in the State Department will consider the Government lucky if it doesn't get a headache out of the affair.

Following this get-together of kindred spirits, Mr. John L. Lewis, who has been part and parcel of the New Deal, and Mr. Edwin S. Smith, member of the National Labor Relations Board, made a return visit to Mexico City in September 1938. As to what took place on this visit I read from an editorial in the New York Daily Mirror of September 19, 1938:

In a few days John L. Lewis, chairman of the Committee for Industrial Organization, will arrive on shipboard in New York Harbor. Ship news reporters will ask him what really happened in Mexico City's recent Latin American labor conference. Here's the dope: Lewis left the unmistakable impression, notwithstanding Secretary Cordell Hull's vehement protest, that President Roosevelt approves the confiscation of American oil properties in Mexico.

Sitting in the honored seat on Toledano's right hand, Lewis declared that 4,000,000 American workers had delegated him to bring best wishes for the future to Mexican unionists. \* \* \*

"In Mexico we have seen under the regime of President Lazaro Cardenas with profound satisfaction the enormous growth of the labor movement through the C. T. M. (Mexican Labor Federation)," Lewis asserted.

The workers should so organize that what has taken place in the United States and Mexico can be achieved in all countries of Latin America.

"It makes no difference," the C. I. O. chieftain cried, "whether these avaricious capitalistic organizations are in the United States or in Mexico or in the countries of Europe, their attitude toward the workers and the tactics are the same."

This editorial goes on to say:

Smith outspokenly approved the oil confiscations—although this part of his speech was omitted in the hand-out to American papers. He lauded Mexico as the only capitalistic country with the courage to carry out the right of all workers.

Now I read from an editorial in the Bridgeton (N. J.) News under date of September 19, 1938:

Washington officials do not conceal their disapproval of speeches by Edwin S. Smith, of the National Labor Relations Board, and John L. Lewis in Mexico City. \* \* \*

The Labor Board member spoke in an auditorium described in the press as "decorated with a sea of red banners," and composed of an audience whom William Green charged were principally Communists.

In passing, I would like to observe that I never saw any evidence of this disapproval. Mr. Smith is still a member of the National Labor Relations Board and Mr. Lewis still sits at the right hand of the throne, even though day before yesterday he made a very vicious attack upon the Vice President of the United States, the Presiding Officer of this body.

Now I read an editorial from the Wilson (N. C.) Times under date of October 10, 1938:

Not satisfied with the confusion and trouble that he has brought to America, John L. Lewis has been in Mexico attending the meetings of the South American Labor Conference and made speeches there applauding President Cardenas in his stand against the United States with reference to expropriations of American-owned property. With John L. Lewis was Edwin S. Smith, of the National Labor Relations Board. By their presence and statements these two Americans have encouraged the Mexican Government to resist the American Government's demand that property taken from the citizens of America and foreign countries without consideration is neither fair, right, nor just. \* \* \*

I have here today dozens of editorials of similar tenor from newspapers throughout this country.

But the most thorough description of the activities of Mr. Lewis and Mr. Smith is given by Hartley W. Barclay, editor of *Mill and Factory*. Writing in *America's Future*, the November 1938 issue, he said:

The recent session in Mexico City of the International Industrial Institute, which I attended, proved to be merely an adjunct to a radical international labor meeting. The labor congress in turn was the carefully prepared springboard for a movement to extend Mexico's program of expropriations, confiscation, and communism in all of Latin America. \* \* \*

Whether by design or coincidence, the impression was created that the extension of Mexico's "red" ideals into all the Americas has the approval of the North American New Deal and of his labor ally, the C. I. O.

Edwin S. Smith, member of the United States National Labor Board, a speaker at two sessions, was present on the platform when Mexican President Cardenas expounded his doctrine of expropriation and invited all Latin America to follow his example. Mr. Smith's commendation of Mexican labor laws and his bitter attack on reactionary capitalism in the United States gave Mexicans the impression that the administration, through a Government official, approved confiscation of American properties in foreign countries. Mr. Smith has denied that this is a justifiable inference, but the impression became so widespread that it already has served the purpose of those who planned the fortnight of propaganda meetings in the Mexican capital.

At this point, Mr. President, I want to say that Mr. Smith has denied that he gave approval to the expropriation measures.

Now, to return to Mr. Barclay's article, he writes further:

To realize fully the seriousness of aid and comfort given to the Mexican revolutionaries by the presence of John L. Lewis; Edwin S. Smith, of the N. L. R. B.; and other Americans who attended the Mexican Labor Conference, and applauded its speakers, one must first understand President Cardenas and his policies. The most significant statement of policy was given directly to me by the official spokesman for President Cardenas, Attorney Antonio Ramos Pedrueza: "Of course, you know we are a socialistic government and we are nationalizing our resources like Germany, Italy, Chile, and other countries have done, for the benefit of our nationals."

Mr. Barclay goes on to say that the Foreign Policy Association in New York had some time previously recognized the totalitarian aspects of certain of Mexico's economic and political policies as they existed in 1937.

I now read from the current issue of the Saturday Evening Post an article entitled "What Has Happened to Mexico's Oil?" by Ruth Sheldon. She made a trip through Latin America to study the subject. She writes:

Mexican Government officials assured me that the properties would never have been expropriated if President Cardenas had not felt confident of the sympathy of the Roosevelt administration. It is significant that the expropriation law, which gave the Government the right to expropriate private property "for public and social welfare," was submitted to the Mexican Congress in October 1936, but was not passed until November, after election day in the United States.

Now, Mr. President, let us see what our Government was doing officially in the matter. As nearly as I can determine, Secretary of State Hull sent his first note protesting the seizure of these properties on July 21, 1938. You can imagine the effect it had after what had gone before. He sent another note on August 22, 1938, and there have been several other notes. But I have not the slightest criticism of Secretary Hull. I have no doubt that he has pursued this matter in his usual vigorous manner.

But, on the other hand, I have not the slightest doubt, and neither has anyone else who is acquainted with what goes on in Washington, that in each instance he sent a note to Mexico City responsible officials of the New Deal gave the Mexican Embassy to understand that no attention was to be paid to them. Can there be any doubt of what Mr. Roosevelt's attitude was when one contemplates the whole atmosphere of the negotiations?

On February 1, 1939, there appeared in the newspapers stories of a so-called mystery note that had been dispatched to the Mexican Government. It was supposed to have been very strong in tone, but nobody to this day has been able to find out anything about this note.



H. R. Knickerbocker wrote for the International News Service under date of February 1, 1939, as follows:

Somewhere in the archive safe of the American Embassy in Mexico City is a bombshell which contains explosives sufficiently powerful to blow up either the Cardenas government or the diplomatic relations between the United States and Mexico.

It is a copy of the unpublished note which the American Government addressed to the Mexican Government immediately after the expropriation of the oil properties valued by their American owners at \$200,000,000.

The note is the deepest secret in Mexico today, and nobody has seen it but the very highest officials and diplomats of the American and Mexican Governments. \* \* \*

It is one of the most mysterious notes in diplomatic history. Because it simply disappeared. It left Washington. It arrived in the American Embassy there. It was delivered by the American Embassy to the Mexican Foreign Office, but the Mexican Foreign Office never received it.

The suggestion is plain that Secretary Hull sent a very forceful note, but that Mexican and other American officials agreed not to publish it. Parenthetically, I tried to find out something about this note from Under Secretary of State Sumner Welles, but although he wrote me exhaustively telling of all public steps that had been taken, he evaded any mention of this mystery note.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. LUCAS. The Senator from New Hampshire was discussing a letter which he received from Sumner Welles with respect to what he termed a "mysterious letter" which is now in the archives, as I understand, of the American Embassy in Mexico City. Has the Senator with him that letter from Sumner Welles?

Mr. BRIDGES. I have.

Mr. LUCAS. I should like to know what the Under Secretary said in his letter to the Senator, if the Senator will be so kind as to read it or put it in the RECORD.

Mr. BRIDGES. I shall ask that the clerk read the letter. It is a rather lengthy one.

The PRESIDING OFFICER. Without objection, the letter will be read by the clerk.

The Chief Clerk read as follows:

DEPARTMENT OF STATE,  
Washington, February 7, 1939.

The Honorable STYLES BRIDGES,  
United States Senate.

MY DEAR SENATOR BRIDGES: I have received your letter of February 3, 1939, in which you express various opinions, and request certain information, with regard to relations between the United States and Mexico. I welcome the opportunity of responding to your letter under acknowledgment.

In your letter under reference you state, "The confiscation of property of the citizen of another nation is the violation of an international law. A confiscatory policy thus strikes not only at the interests of particular individuals, but at the foundations of international intercourse, and law and order."

In the event that the note has not been brought to your attention, I may say that in a note addressed on July 21 last by the Secretary of State to the Mexican Ambassador in Washington, the full text of which was made public at that time, the Secretary of State announced the position of this Government upon this question as follows:

"The taking of property without compensation is not expropriation. It is confiscation. It is no less confiscation because there may be an expressed intent to pay at some time in the future." The Secretary of State further said that the Government of the United States cannot admit that a foreign government may take the property of American nationals in disregard of the universally recognized rule of compensation under international law nor admit that the rule of compensation can be nullified by any country through its own local legislation.

In a further note addressed to the Mexican Ambassador in Washington under date of August 22 last, which was likewise made public at that time, the Secretary of State referred to these statements contained in his earlier note, and further declared that the doctrine of just compensation was "embodied in the constitutions of most countries of the world and of every republic of the American Continent, and has been carried forward as an international doctrine in the universally recognized law of nations. There is, indeed, no mystery about international law. It is nothing more than the recognition between nations of the rules of right and fair dealing, such as ordinarily obtain between individuals, and which are essential for friendly intercourse."

I believe you will, therefore, agree that the position of this Government with regard to the fundamental principles mentioned in

your letter has been made known officially and very clearly to the Government of Mexico through the communications above cited.

In the first paragraph of your letter under reference you refer to a news report "that a very mysterious or secret note was dispatched to the Government of the Republic of Mexico by the United States Government at the time the Mexican Government expropriated American and other foreign-owned property of enormous value."

I am glad to assure you that neither have there been any "mysterious" communications dispatched by the Government of the United States to the Government of Mexico nor has there been any need of dispatching any "mysterious" communication of any character whatsoever to the Government of Mexico. The position of this Government with regard to the fundamental issues involved, as above set forth, has been adhered to in every communication made by this Government to the Government of Mexico, whether oral or written, either prior or subsequent to the notes of July 21 and August 22, 1938, above cited.

You will however, I am sure, concede that it would not be compatible with the public interest or consistent with the successful conduct of our foreign relations for this Government to undertake to make public the texts of every communication or the details of every conversation which may be undertaken with a foreign government relating to matters currently the subject of diplomatic negotiations. The problems involved in the instant matter are complicated and delicate, and the successful culmination of the negotiations now in progress would hardly be furthered by the publication at this time of every detail of the discussions which have been taking place between the two Governments.

You further inquire whether this Government can consent to have other nations directly intervene on behalf of their interests in Mexico. This Government is not informed of any intention on the part of other nations to intervene in Mexico.

You ask, "Is the government of President Cárdenas, obviously hostile to the United States, drifting toward, or already under, the domination of European or Asiatic powers?" I know of no evidence which would support the allegation that the government of President Cárdenas is "obviously hostile to the United States," nor has this Government any reason to believe that Mexico is under the domination of, or drifting toward, domination by any other country.

You further submit a question with regard to the possibility of civil strife in Mexico in consequence of "conflicting ideology." This question, as I am sure you will agree, relates solely to the internal and domestic affairs of Mexico, and could not appropriately be publicly commented upon by an official of this Government.

You further state: "Notwithstanding resulting serious economic repercussions, it is rumored that American citizens have been urged to undertake individually, or by group, or by independent agents, personal negotiations with the Government of Mexico. Does our Government advocate this procedure in so complicated a situation? \* \* \* Will you inform me, in addition to the above-made queries, whether or not you have urged, or expect to urge, such private action disassociated from the duties of your Department?"

From the moment of the expropriation by the Mexican Government of oil properties belonging to American nationals—to which your inquiry just quoted is obviously intended specifically to apply—the Department of State has persistently, and upon innumerable occasions, conferred both with representatives of the Government of Mexico, and with representatives of the American oil companies, in order to facilitate direct negotiations between the two parties involved in the controversy which arose from such expropriation, for the purpose of promoting an equitable and prompt solution, and in order that these American nationals might thereby obtain adequate, prompt, and effective compensation for their properties.

I am glad to say that as a result of the efforts of the Department of State I am now informed that negotiations looking toward this end will be undertaken before the end of the present month.

The Mexican Government, in various ways and upon numerous occasions, has publicly announced its willingness to negotiate a settlement with the American companies whose properties were expropriated, and in accordance with the established practice of the Department of State, the Department has considered its function properly to be limited for the time being to the facilitation of such negotiations, and to communicating to the Mexican Government the position of the Government of the United States with regard to what it maintains are the just rights of its citizens.

Finally, you request me to inform you of the status of negotiations between our Government and the Government of the Republic of Mexico with relation to the recent confiscation of American properties. In compliance with your request I am glad to convey to you in the following lettered paragraphs the present status of settlement of each of the several categories of American properties involved, in addition to the oil properties above mentioned.

(a) Agrarian expropriations since August 30, 1927: By notes dated November 9, 1938, and November 12, 1938 (copies enclosed), an agreement was reached for the settlement of these agrarian claims of American citizens. The Commission to evaluate these claims had its first meeting in Mexico City on December 1, 1938, and the proceedings of the Commission are now in progress. Under the agreement Mexico is to pay to the United States on May 31, 1939, the sum of \$1,000,000 and annually thereafter, until the full amount is paid, at least \$1,000,000.

(b) Special (revolutionary) claims: At the beginning of this year, the Mexican Government paid to the United States Government the sum of \$500,000 due on these claims. This and the four previous annual payments and interest were paid on the due dates.

(c) General claims: No final arrangement has been concluded for the payment of these claims. A statement regarding their present status is enclosed.

(d) Foreign debt and railway debts: The American interest in these debts is estimated to be approximately 20 percent of the total. It has long been the policy of this Government to regard such debts as primarily for negotiations and settlement between the foreign government and the bondholders or their representatives.

The Department has received no complaints of any new expropriation cases affecting American properties since the above-mentioned agreement of November 9-12, 1938.

May I, in conclusion, refer to the statement contained in your letter that "general confiscation of the property belonging to American citizens by the Government of Mexico, if tacitly approved by inaction on the part of our Government, may soon endanger the peace and welfare of this Nation, and may well result in international disorder, and thus create an incentive toward armed aggression."

From the facts above set forth I am sure you will agree that there has been neither tacit approval on the part of this Government of the expropriation without compensation of American properties in Mexico by the Government of Mexico, nor any inaction on the part of this Government. On the contrary, this Government has both sedulously and consistently sought to further and to facilitate the settlement on the basis of just compensation of the many claims of United States citizens which have arisen as a result of policies pursued by the Government of Mexico during past years. In pursuing this policy this Government has made every endeavor to maintain close and friendly relations with the Government of Mexico, while at the same time making clear its conviction that lasting friendship between the two neighboring countries can only be safeguarded through full respect on the part of each nation for the just rights of the other.

Sincerely yours,

SUMNER WELLES, *Under Secretary.*

Mr. LUCAS. Mr. President, will the Senator yield for another question?

Mr. BRIDGES. Certainly.

Mr. LUCAS. Where is the uncertainty and the doubt in that letter about the mysterious note?

Mr. BRIDGES. I cannot see that any answer was made as to the mysterious note to which I referred in my statement.

Mr. LUCAS. Does not Mr. Welles practically advise the Senator that no such note was written from the State Department? That is the way I understood the letter.

Mr. BRIDGES. I have every reason to believe, from unimpeachable sources, that such a note was written.

Mr. LUCAS. That may be the Senator's opinion; but prior to the time the letter was read the Senator made the statement that he had written a communication to the Secretary of State and that the reply of Sumner Welles was very uncertain as to this particular mysterious note. The only point I am making is that I contend, from the language of that letter, that it is very, very certain; and I think, perhaps, the utter frankness of the manner in which Mr. Welles dealt with all the questions the Senator asked probably has the Senator a little uncertain.

Mr. BRIDGES. Not at all. The thing I should like to point out to the Senator from Illinois is that this letter was written early in February, I think, a long time ago; and the very able Under Secretary of State, Mr. Welles, was going to secure immediate action. To date the Mexican situation remains just about as it was.

Mr. President, we come to what has a very distinct bearing on the whole situation. This is a story of how, when these leftist political forces were moving in what they claimed to be the welfare of the under dog, there were other forces just as active.

Senators will recall that Mexico's great difficulty since the oil properties were seized has been to sell the oil. Stepping into the picture to help them, with a view solely to helping the under dog, I am satisfied, was a free-lance oil operator, W. R. Davis, of New York. I am informed that he has had a very colorful career in the oil business; but before I discuss him further I wish to insert in the RECORD a copy of the Logan Act of March 4, 1909. I quote:

SEC. 5 (Criminal Code). Criminal correspondence with foreign governments; redress of private injuries excepted: Every citizen of

the United States, whether actually resident or abiding within the same, or in any place subject to the jurisdiction thereof, or in any foreign country, (who) without the permission or authority of the Government, directly or indirectly, commences or carries on any verbal or written correspondence or intercourse with any foreign government or any officer or agent or conduct of any foreign government or of any officer or agent thereof, in relation to any disputes or controversies with the United States, or to defeat the measures of the Government of the United States; and every person, being a citizen of or resident within the United States or in any place subject to the jurisdiction thereof, and not duly authorized, (who) counsels, advises, or assists in any such correspondence with such intent, shall be fined not more than \$5,000 and imprisoned not more than 3 years. \* \* \*

I wish to read from an article by Marquis W. Childs in the St. Louis Post-Dispatch of June 10, 1939:

Negotiations between American oil companies and the Mexican Government over expropriated American properties have broken down, the Post-Dispatch has learned, and Mexico is understood to be entering into a series of new transactions with W. R. Davis, of New York, the independent oil operator who a year ago concluded a series of barter deals with Germany for Mexican oil.

Two transactions which Davis recently arranged are said to involve \$10,000,000 and another, \$8,000,000. The Mexican Government in return for oil in these amounts would receive refining machinery which it is hoped would enable the Mexicans greatly to increase their oil production. \* \* \*

Reports have come from the State Department here that he has been negotiating the new transactions with apparently unlimited capital.

Behind the Davis deals is an extraordinary network of intrigue involving high political officials in Washington and Mexico City.

How much of this behind-the-scenes activity will ever become known is doubtful. But if and when the whole story of the fight for oil is revealed it will read like a Phillips Oppenheim thriller.

Davis is a man of mystery. A free-lance oil operator with interests scattered all over the world, spending much of his time in airplanes and in urgent discussions on the trans-Atlantic telephone, he is said to control a large refinery in Hamburg, Germany, and much of the oil from expropriated Mexican wells has gone there. But in part, at least, this has been shipped after refining, to the Scandinavian, Baltic, and Central European countries.

Just how much was involved in the original Mexican-German deals, engineered by Davis, has never been definitely known. In the first 3 months Mexico received, according to a reliable source, more than \$5,000,000 in cash and bartered goods. Machinery, office equipment, and newsprint were taken from Germany in exchange for Mexican oil.

State Department officials believe that Germany is behind Davis' present activities in Mexico.

On June 15, 1939, Mr. Childs wrote another article in which he said:

W. R. Davis, the free-lance oil operator who put over barter deals with Germany for oil from expropriated American wells now held by the Mexican Government, had the aid and advice of powerful figures in the Washington scene, including Senator JOSEPH F. GUFFEY (D., Pa.), a member of the Senate Foreign Relations Committee, the Post-Dispatch has learned.

John L. Lewis, head of the Congress of Industrial Organizations, also interested himself in the Davis deals to the extent of assuring organized labor in Mexico that Davis had the resources to move Mexican oil in the face of a seemingly world-wide blockade by British and American companies, it has been learned from authoritative sources.

GUFFEY said yesterday that his only interest in Davis was through Walter A. Jones, oil operator and politician of Pittsburgh, who was a heavy contributor to the Roosevelt campaign fund in both 1932 and 1936. Jones is still associated with Davis in the Mexican oil deals, he said last night.

GUFFEY, himself formerly an oil operator, accompanied Jones on a hurried trip to Mexico City in 1937, nearly a year before expropriation of American and British oil properties. The Pennsylvania Senator introduced Jones, who was then engaged in laying the groundwork for deals that Davis later carried out, to various Mexican officials. Later Guffey, Jones, and Davis met in Jones' apartment at the Mayflower Hotel here with Eduardo Suarez, Mexican Minister of Finance, when the latter was on a visit to Washington.

What makes this so extraordinary is the fact that the State Department had given unofficial sanction to the efforts of Donald Richberg, Washington attorney, to negotiate a settlement between American and British oil companies and the Mexican Government for the return of expropriated properties. These negotiations have come to a standstill and there is little hope they will be resumed.

State Department officials thoroughly disapprove of Davis, believing that he is operating with German capital. His barter deals will have a harmful effect on American trade, it is thought at the State Department.

"I interested myself at the request of Walter Jones," GUFFEY said. "I would do anything to help Walter Jones. He contributed largely to the election of Franklin D. Roosevelt. I never really knew Davis, but I believe he is a man of great ability. I have not seen him for a year or more."



Records of the Democratic National Committee show that Jones contributed \$52,000 to the party in 1936. While records are not available for 1932, he is believed to have given a comparable sum in that year. An ardent New Deal Democrat, he has taken an active part in Pennsylvania politics in recent years. Former Governor George Earle made him chairman of the Pennsylvania Turnpike Commission building a superhighway across the State.

"I am still associated with Davis," Jones said on the long-distance telephone from his State office in Harrisburg. "I believe those people down there in Mexico should have a chance to sell their oil."

Those who champion Davis in Washington say that at least he has enabled the Mexican Government to get through the blockade which has been aimed at preventing the Mexicans from selling their oil in the world market. These same champions declare that Davis has concluded deals not only with Germany but with seven other countries in Europe, including even a "behind the door" deal with Great Britain, whose Royal Dutch Shell lost an enormous stake when the Mexican properties were taken over.

The State Department is skeptical of reports of such deals, believing that Davis' only important connection is with Germany. Davis is now in Mexico City working out details of new transactions which involve supplying the Mexican industry with refinery equipment to make it possible, the hope is, greatly to increase production.

John Lewis' interest in the Davis deal comes about through his relationship with the Mexican Confederation of Labor and the Mexican Oil Workers' Union, now operating the oil industry in Mexico. It is reported here, however, that Lewis gained his first knowledge of Davis and Jones through GUFFEY.

Last year Lewis attended a Pan-American Labor Congress organized by Vincent Lombardo Toledano, head of the Mexican confederation.

He was impressed at that time, it is said, by the efforts of the Mexican Government to operate the oil industry in the face of the blockade by the great companies with their world-wide ramifications. He was impressed, too, it is understood, by the resources which Davis could command for moving blockaded Mexican oil.

Davis and his associates are said to have convinced Lewis that they could muster at least 30 tankers for transporting oil, this being an important factor, since the blockade is said to have extended to the use of oil-carrying vessels.

Doubtful that negotiations with the Mexican Government will ever be resumed, Richberg conferred Monday with Standard Oil executives in New York on the next step to be taken. Returning yesterday, he discussed the present impasse with Secretary Cordell Hull, it has been learned.

For the time being at least, it is believed, Richberg will make no open move, waiting to give the Mexican Government every possible opportunity to reopen the negotiations, although the dead line for a reply has long since passed.

I now read from an article in the New York Herald Tribune under date of June 16, 1939, as follows:

The impasse now apparent in the unofficial efforts of Donald M. Richberg to negotiate a settlement between American and British oil companies and the Mexican Government for return of their expropriated properties was traced today to the aid and comfort given to W. R. Davis, free-lance oil operator, by a group here, including Senator JOSEPH F. GUFFEY, Democrat, of Pennsylvania.

Among others named as having offered advice to Mr. Davis, who put over the recent barter deals with Germany for oil from expropriated American wells now held by the Cardenas government, was John L. Lewis, head of the Congress of Industrial Organizations, and Walter A. Jones, Pittsburgh oil operator and a heavy contributor to President Roosevelt's campaign fund in both 1932 and 1936.

Senator GUFFEY, who said today that his only interest in the Davis ventures in Mexico was through Mr. Jones, accompanied the Pittsburgh oil operator on a trip to Mexico City in 1937, nearly a year before the expropriation of American and British oil properties. The Pennsylvania Senator introduced Mr. Jones, who was engaged in laying the groundwork for the deal which Mr. Davis later carried out, to various Mexican officials. Later Senator Guffey met with Mr. Jones and Mr. Davis in the Jones apartment at the Mayflower Hotel here with Eduardo Saurez, Mexican Minister of Finance, when he was on a visit to Washington to consult the Treasury on its silver-buying policy.

Meanwhile, Mr. Lewis also interested himself in the Davis deals to the extent of assuring organized labor in Mexico that Mr. Davis had the resources to move oil out of Mexico in the face of a blockade which might be attempted by the American and British oil companies.

Mr. Lewis' interest in the Davis deals comes about through his relationship with the Mexican Confederation of Labor and the Mexican Oil Workers Union, now operating the oil industry in Mexico. It is reported here, however, that he gained his first knowledge of Mr. Davis and Mr. Jones through Senator GUFFEY. Last year Mr. Lewis attended a Pan American Labor Congress, organized by Vincent Lombardo Toledano, head of the Mexican confederation, attended also by Edwin Smith, a member of the National Labor Relations Board.

Mr. Lewis was impressed at that time, it is said, by the efforts of the Mexican Government to operate the oil industry in the face of the blockade by the great companies, with their world-

wide ramifications. He was impressed, too, it is understood, by the resources which Mr. Davis could command for moving blockaded Mexican oil.

Mr. NEELY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from West Virginia?

Mr. BRIDGES. Certainly.

Mr. NEELY. Mr. President, I inquire of the able Senator from New Hampshire whether he is of the opinion that the articles which he has read into the RECORD impute to the Senator from Pennsylvania [Mr. GUFFEY] any conduct or motive unworthy of a Senator or unbecoming a Member of this body?

Mr. BRIDGES. No. I am not impugning the motives of Senator GUFFEY. I am merely reading from certain articles, and I have been very careful, during the course of the speech I have been delivering, in no way personally to venture an opinion about the Senator from Pennsylvania. I have not personally mentioned his name; but I am reading into the RECORD articles which deal with this situation, which articles, I understand, mention Senator GUFFEY's name. I read them for what they may be worth.

Mr. NEELY. Mr. President, will the Senator further yield?

Mr. BRIDGES. Certainly.

Mr. NEELY. I understand that the Senator's charges, if such they be, were read from newspapers and that the Senator does not contend that they are based upon personal knowledge. But will not the Senator from New Hampshire state whether, in his opinion, those articles impute to Senator GUFFEY any conduct or motive unworthy of a Member of the Senate?

Mr. BRIDGES. No, sir. I am making no charges.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Washington?

Mr. BRIDGES. I yield.

Mr. SCHWELLENBACH. Just prior to his last discussion the Senator read an excerpt from the Logan Act. Does the Senator contend that there has been any violation of the Logan Act either by Mr. Davis or Mr. Jones or Senator Guffey?

Mr. BRIDGES. I will answer the Senator from Washington by saying that when the pending spending-and-lending bill is out of the way I propose to offer, if it shall then be in order, a resolution calling for a senatorial investigation of this whole situation; and I do not know, of course, whether or not the facts uncovered by such an investigation would be such as to call for action under the Logan Act. If I did I would not ask for it. I should inform the Senate. I do not know what an investigation may reveal.

I wish to say, in perfect frankness, to the Senator from Pennsylvania [Mr. GUFFEY], and in answer to the question of the Senator from West Virginia, that I am making no charges at all so far as Senator GUFFEY is concerned. I am giving a picture of the oil situation in Mexico and of our relationship with that country. Senator GUFFEY's name merely comes into some of the articles I have read.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield further?

Mr. BRIDGES. Certainly.

Mr. SCHWELLENBACH. I will concede that any Member of this body has a perfect right to present matters which are of public interest, and that if, as a result of the presentation of them, the name of a Member of the body may become involved, possibly that is something that cannot be avoided. However, immediately before launching into that portion of his discussion which involved the Senator from Pennsylvania, the Senator from New Hampshire rather dramatically read from the Logan Act, which is a criminal statute, the violation of which, as I remember its reading, involves a fine of \$5,000, a violation of which certainly would cast a reflection upon the name of any Member of this body or anyone else who might be connected with a transaction which violated the Logan Act.

So far as I have been able to see from what the Senator has read since quoting from the Logan Act, there is not a single, solitary thing which in any way involves a violation of the Logan Act. I think Members of this body, whether discussing other Members of the body or discussing politics or discussing matters of general interest, should have some degree of care when they undertake to charge persons with violation of the criminal statutes of the United States.

I never heard of any of these gentlemen except the Senator from Pennsylvania before the Senator from New Hampshire started reading; but if what he has read concerning them constitutes a violation of the Logan Act, then there is not a large corporation in the United States dealing with foreign governments which does not repeatedly and consistently violate the Logan Act. The Senator knows that there is not any violation of the Logan Act; and I call upon the Senator from New Hampshire upon this occasion, when he is attempting to bring into the discussion on the floor of the Senate the name of a Member of this body, to have some reflection upon his responsibility as a Member of the Senate of the United States.

When we take our oaths of office here, Mr. President, we change our status. Even though in the past we may have been simply careless scandalmongers, when we take our oaths of office we become representatives of the Government of the United States, and we have some responsibility to this Government and some responsibility to the people of the country. When a Senator, such as the Senator from New Hampshire, stands here and reads charges from newspapers and introduces those charges by reading from a criminal statute, and then is not able in the slightest particular to show a violation of the criminal statute, I say he is doing something which, while it may not be technically in violation of his oath as a Member of this body, certainly comes very close to a violation of that oath.

I call upon the Senator from New Hampshire, unless he has facts to show that the Senator from Pennsylvania and the other persons whom he is mentioning have violated the Logan Act, to eliminate now, openly and before this body, any portion of his remarks which may refer to a criminal statute. Common decency, common fairness, a common recognition of the responsibility we have as Members of the Senate of the United States, call upon him to do that very thing.

Mr. BRIDGES. Mr. President, in answer to the Senator from Washington, let me say that I quoted from the Logan Act, the criminal statutes of 1909, for the reason that I wanted to emphasize to the Senate and the country the grave responsibility of in any way conniving with a foreign government or representatives of a foreign land in regard to such matters as are covered by that statute. I am making no charges, but I say that this is a grave situation. It is a weird story; and I say that it is worthy of an investigation by the United States Senate to ascertain whether or not the story is something besides weird.

I am making no charges against the Senator from Pennsylvania in any way, shape, or manner. The Senator's name merely came into the speech by way of the various articles I have read.

Mr. MINTON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Indiana?

Mr. BRIDGES. Certainly.

Mr. MINTON. In view of the observations of the Senator from Washington [Mr. SCHWELLENBACH] about the statements made by the Senator from New Hampshire [Mr. BRIDGES] I make the point of order that the Senator from New Hampshire is out of order under rule XIX, paragraph 2, which reads:

No Senator in debate shall, directly or indirectly, by any form of words, impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The Chair would like to understand whether the Senator is making a point of order under paragraph 2 of rule XIX on the basis of which he invokes a ruling from the Chair as to

whether or not the Senator from New Hampshire, in anything he has said, has violated that paragraph.

Mr. MINTON. That is the point on which I should like to have the Chair rule.

The PRESIDING OFFICER. If that is the point of order, the Chair is ready to rule.

The Chair rules that, in the opinion of the present occupant of the chair, the Senator from New Hampshire has not himself in debate, directly or indirectly, by any form of words, imputed to another Senator any conduct or motive unworthy or unbecoming a Senator. Any references which the present occupant of the chair has heard to the Senator from Pennsylvania have been in connection with the Senator from New Hampshire's reading of newspaper articles. Therefore, the Chair believes the point of order is not well taken.

Mr. BYRNES. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from South Carolina?

Mr. BRIDGES. I yield.

Mr. BYRNES. I simply desire to ask whether it is the opinion of the Chair that a Senator may make statements reflecting upon another Senator and then say, "I do not make that charge, but they do say that that is said and it is true." May a Senator say, "I do not make the charge," and then proceed to say, "But they do say in the community," and proceed to make a statement reflecting upon the integrity of a Member of the Senate?

The PRESIDING OFFICER. The present occupant of the chair would not care to make a ruling upon a hypothetical situation; but it is the view of the present occupant of the chair that paragraph 2 of rule XIX refers to remarks made by a Senator, and not to articles which he may be reading or other quotations which he may be making.

Mr. LUCAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. LUCAS. Does the present occupant of the chair hold that when a Senator reads from a newspaper article wherein a Senator is involved, that particular reference in a newspaper does not become his own words?

The PRESIDING OFFICER. That is the opinion of the present occupant of the chair, under the rule and the precedents.

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Hampshire yield to the Senator from Tennessee?

Mr. BRIDGES. I do.

Mr. McKELLAR. Mr. President, the rule says—

No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

I have read from rule IX, on page 25. Newspaper articles may be read as a form of words to make an accusation or to impute conduct unworthy of a Senator. It seems to me that reading these articles imputes to a Senator unbecoming conduct. It does so just as effectively as if the Senator from New Hampshire had used his own words. I think the Chair is wrong; and I appeal from the ruling of the Chair.

The PRESIDING OFFICER. The question is, Shall the ruling of the Chair stand as the judgment of the Senate?

Mr. BARKLEY. Mr. President, I did not hear the quotation; I was absent from the Chamber; but I merely wish to observe, if I may, that I do not believe the encirclement of words within quotations, from whatever source they may come, relieves them of their quality as imputing misconduct on the part of a Senator, if another Senator uses them and appropriates them to his own uses.

Mr. BORAH. Mr. President, if we are going to be called upon to vote upon the matter, we ought to have something specific. I ask those who make the point of order specify what it was that the Senator from New Hampshire stated which they regard as being in violation of the rule.

Mr. SCHWELLENBACH. Mr. President, when I first started to discuss this matter it was not with the idea that any point of order would be made. I may say to the Senator from Idaho, however, that the point I made was this:



Immediately before reading these newspaper articles in which the name of the Senator from Pennsylvania was mentioned, the Senator from New Hampshire read an excerpt from the Logan Act, a criminal statute. He then read some newspaper articles about certain activities which the articles alleged had been carried on by Mr. Davis, Mr. Jones, and the Senator from Pennsylvania [Mr. GUFFEY]. My contention was that since the Senator from New Hampshire immediately prior to that time had very definitely emphasized the Logan Act, no other inference could be drawn but that, taking the two together, the Senator from New Hampshire was charging the Senator from Pennsylvania with violation of a criminal statute.

My objection was that, so far as I have been able to see, no statement was made in the articles from which he read, which would constitute a violation of the Logan Act. Therefore, I look upon it as an unwarranted injection of an excerpt from a criminal statute for the purpose of attempting to reflect upon a Member of this body.

Mr. BORAH. Mr. President, I heard the first statement of the able Senator from Washington, and I quite agree with the views which he expressed as to the responsibility which rests upon a Senator in making charges, directly or indirectly, against a colleague. He ought to be sure that he is speaking facts. But it does seem to me that this still is a very vague proposition. It is true that the Senator read a criminal statute. I am familiar with that criminal statute. On one occasion I myself was considered as having violated it. I regard it as a criminal statute, although its history is not such as to cause one to regard it as very serious. But this matter is too vague to warrant the invocation of a rule. We certainly are not prevented from reading criminal statutes, and we certainly are not prevented from reading from a newspaper which does not reflect upon a Senator. It is conceded that the reading of the newspaper does not in any sense bring the matter under the Logan Act. So, as it appears now, it has not been brought within the Logan Act by anything the Senator has said.

Mr. NEELY. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield.

Mr. NEELY. If the newspaper articles which the Senator from New Hampshire has read are true, the distinguished persons to whom they refer are probably subject to the penalties specified in the statute.

Mr. BORAH. Mr. President, we are certainly not going to take the position that a Senator cannot stand upon this floor and discuss matters of a serious nature without being charged with attacking a Senator, when the discussion in no sense charges any misconduct upon the part of the Senator himself.

Mr. GUFFEY. Mr. President, I hope the ruling of the Presiding Officer will be sustained. There is nothing the Senator from New Hampshire has read in this article to which I object. I want all the facts brought out. If he has any additional facts, let him bring them out as well. I sincerely hope that, if put to a vote, the decision of the Presiding Officer of the Senate will be sustained. I have nothing to conceal.

Mr. McKELLAR. Mr. President, under those circumstances, if the Senator from New Hampshire will yield to me, I withdraw the appeal.

The PRESIDING OFFICER. Without objection, the appeal is withdrawn.

Mr. BRIDGES. Mr. President, I read further from the article in the Herald Tribune:

Mr. Davis and his associates are said to have convinced Mr. Lewis that they could muster at least 30 tankers for transporting oil, this being an important factor, since the blockade is said to have extended to the use of oil-carrying vessels.

What makes the disclosures so extraordinary here and a source of embarrassment to the Department of State is the fact that the Department gave unofficial sanction to the efforts of Mr. Richberg to effect a settlement, a procedure the American oil companies assented to with considerable reluctance.

Doubtful that negotiations with the Mexican Government would ever be resumed, Mr. Richberg conferred on Monday with Standard Oil officials in New York on the next step to be taken. Back in

Washington, he discussed the present impasse with Cordell Hull, Secretary of State, it has been learned. For the time being, at least, it is believed, Mr. Richberg will make no open move, waiting to give the Mexican Government every possible opportunity to reopen the negotiations, although the dead line for a reply has long since passed.

State Department officials are said to disapprove of Mr. Davis, believing that he is operating with German capital and that his barter deals will have a harmful effect on American trade.

"I interested myself at the request of Walter Jones," Senator GUFFEY said. "I would do anything to help Walter Jones. He contributed largely to the election of Franklin D. Roosevelt. I never really knew Mr. Davis, but I believe he is a man of great ability. I have not seen him for a year or more."

Those who championed Mr. Davis in Washington say that at least he has enabled the Mexican Government to get through the blockade aimed at preventing the Mexicans from selling their oil in the world market. They further declare that Mr. Davis has concluded deals not only with Germany but with seven other countries in Europe, including even a "behind the door" deal with Great Britain, whose Royal Dutch Shell lost an enormous stake in the Mexican properties taken over. State Department officials, however, are skeptical of reports of such deals.

Similar stories, which I shall not burden the Senate with, appeared in the Pittsburgh Post Gazette and the Philadelphia Enquirer.

Now, Mr. President, I want to show another effect of this sort of good-neighbor dealing. I quote from an article from Mexico City in the Christian Science Monitor under date of April 26, 1939. It says that virtual monopoly of Mexico's rayon imports has been given to Italy with the signing of a contract for the barter of \$2,500,000 in oil in exchange for rayon and machinery. The article says that this is the second large barter arranged with Italy, the first having been for \$3,000,000 in oil in exchange for four oil tankers. This article says that the United States rayon exports to Mexico are not affected, since we send in a special kind of yarn which cannot be duplicated elsewhere. The article continues:

These machinery exports will, however, affect United States exports to Mexico, it is expected, with a further displacement of United States machinery which has been so heavily hit by the barter for German machinery.

The conclusion of the Italian contract marks one more blow at United States business in Mexico, which has lost consistently since barter for oil supplanted normal trade relations, following the oil expropriations. The sum of \$34,000,000 has been lost through the contracts of the William R. Davis Co. alone, with this firm supplying machinery and equipment for that amount from Germany and the Scandinavian countries in exchange for Mexican oil.

Under the heading "Germany profiting by Mexico's 'double deal,'" the following article by Mr. H. R. Knickerbocker appeared in the Lawrence (Mass.) Tribune on February 7, 1939:

The United States is taking a double beating in Mexico after having turned one cheek to the blow of oil expropriation. Uncle Sam is now receiving in the loss of trade an even more vigorous salute to the good-neighbor policy on the other cheek. Chief profiteer from the "double deal" is Germany.

Latest statistics show that we are losing a minimum of \$20,000,000 a year of sales to Mexico as a direct result of expropriation of the American oil properties.

I could go on, Mr. President, giving examples of our loss of trade without end.

Sometime ago the State Department announced proudly that an agreement had been concluded with Mexico concerning agrarian claims, some of which had been pending for many years. Under this agreement this Government is to receive \$1,000,000 annually. Hopes were held out that this settlement augured well for the settlement of the oil dispute. Then it developed that the \$1,000,000 which Mexico is to pay us is to be taken from American owners of mineral properties in Mexico.

I think the whole story is made more amazing when we consider that through our purchase of \$216,000,000 of Mexican silver, for which we have no earthly use, and which I and my Republican colleagues fought against the President's tenacious opposition, to stop—through this subsidy the Mexican Government is maintained.

Now, I want to hark back to Mr. Jones' heavy campaign contributions to the New Deal. There is good reason to believe that they have far exceed the \$52,000 mentioned in the articles from which I have quoted. We all know that there has been considerable question as to where the C. I. O. and

the Non-Partisan Labor League get their ample funds for other than straight unionization activities.

I think we should have an investigation of this amazing phase of the New Deal with two of its main subsidiaries, the C. I. O. and the Non-Partisan Labor League.

We are supposed to be against Germany—for Mexico. They work together against us and campaign funds from one of the principals of the intrigue flow back to the New Deal. It is a weird story—let us get at the bottom of it.

Mr. President, various Senators today have raised the question of the propriety of the remarks which I have made. The Senator from West Virginia [Mr. NEELY] very properly asked me whether anything I said was intended to impugn the character or standing of the Senator from Pennsylvania [Mr. GUFFEY]. My answer to that is "no."

Mr. NEELY. Mr. President, will the Senator yield?

Mr. BRIDGES. Certainly.

Mr. NEELY. The Senator has not accurately quoted my inquiry, although I am certain that he has not intentionally erred. I asked the Senator whether, in his opinion, the newspaper articles which he read, imputed to the Senator from Pennsylvania [Mr. GUFFEY] any conduct unbecoming a Member of the Senate?

Mr. BRIDGES. I think that the articles merely told a story, that they made no charges involving the Senator from Pennsylvania [Mr. GUFFEY]. They merely told the story of the whole Mexican situation.

Mr. NEELY. Mr. President, will the Senator further yield?

Mr. BRIDGES. Certainly.

Mr. NEELY. In anticipation of the ruling which the Chair has made, I endeavored to obtain from the Senator from New Hampshire his interpretation of newspaper articles in question in order to establish a foundation upon which a point of order against the improper imputations which they contain might be sustained.

Mr. BRIDGES. Mr. President, I think the whole Mexican deal, as I have stated, is a weird story, it is an amazing story, and I believe that the Senate of the United States or the Congress of the United States should get to the bottom of the story. I make no charge today against anyone; I am merely reciting the facts, and giving the Senate a picture of this amazing intrigue, this amazing story, which can be easily gathered by any Senator. The only reference to the Senator from Pennsylvania I made was quoted from the public press of the country. I made no individual reference to him, and I in no way reflect on the Senator from Pennsylvania. As I have stated, his name inadvertently came in some of the press articles which I quoted. But I do impress upon the Senate with all the force at my command the seriousness of the whole Mexican situation.

Mr. President, last fall I made a trip to South America and I found in many of the South American countries that as the result of our weak-kneed attitude toward Mexico we were held in contempt by many in those countries. I believe that good feeling and good neighborliness cannot be promoted by our attitude toward Mexico in dealing with the Mexican situation, with our Government sitting still and allowing property of American citizens and American companies and American corporations to be seized without an excuse, and on the other hand continuing to subsidize the Mexican Government which is doing all this, by the purchase of silver. A majority of the Members of this body voted last evening to continue the purchase of foreign silver. Mr. President, I say that this is a subject which should be investigated. When the lending-spending bill shall have been disposed of I propose to offer a resolution for an investigation of the entire Mexican-American relationship.

Mr. GUFFEY. Mr. President, about 2 months ago Marquis Childs, an accredited correspondent of the St. Louis Post-Dispatch, came to my office and asked me about a trip which I had made to Mexico in May 1937. I gave him all the facts. I told him with whom I had gone to Mexico and whom I met there. My reason for going to Mexico, I told him, was that from the summer of 1918 until the middle of the year 1921 I had been active in the oil business in Mexico, and was familiar with many of the conditions there, and knew many persons in the oil business in Mexico,

So I accompanied my friend Mr. Jones, studied the situation, and gave him my opinion.

When Mr. Childs sent that story to the St. Louis Post-Dispatch he sent a story which was 100-percent false, and it was a malicious, character-destroying lie. I have been in the public service for 40 years, and have dealt with newspaper representatives almost daily during that time, either as a Government official in Pittsburgh or as the general manager of a public-utility corporation, or later in business for myself, and in public life, and I wish to say that this is the first time, with all the press representatives I have met, that I ever had one write such a malicious, character-destroying story about me.

Mr. President, I never met Mr. Childs before that, nor have I seen him since, but I am sure he received other compensation for sending that story out than that which he receives from his regular employer.

Ruth Shelton has an article in the Saturday Evening Post of this week, a rehash and write-up of the same story. Miss Shelton spent some months in Mexico recently as a guest of the English and American oil companies, and I have no doubt she wrote the same story for the same reason that Mr. Childs did.

Had the senior Senator from New Hampshire asked me a question as a matter of courtesy due one Senator to another, I would have given him a copy of the reply I issued to the Philadelphia Bulletin and other Pennsylvania papers when I was in Erie, Pa., the morning after the story appeared. I should have furnished it to him had he extended me the courtesy of asking me about it.

I hope and I believe that time will demonstrate that the senior Senator from New Hampshire did not read his prepared speech on the floor of the Senate for the same reason these other people sent the story to their newspapers.

I thank the Senate.

#### ACCEPTANCE OF EASEMENT WITH RESPECT TO LANDS IN NEW MEXICO—CONFERENCE REPORT

Mr. HATCH submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1558) to provide for the acceptance of an easement with respect to certain lands in New Mexico, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment numbered 2.

That the Senate recede from its disagreement to the amendment of the House numbered 4, and agree to the same.

Amendment numbered 1: That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "Commissioner of Work Projects"; and the House agree to the same.

Amendment numbered 3: That the Senate recede from its disagreement to the amendment of the House numbered 3, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "Commissioner of Work Projects"; and the House agree to the same.

CARL A. HATCH,  
RUFUS C. HOLMAN,  
JAMES E. MURRAY,  
*Managers on the part of the Senate.*  
RENÉ L. DEBOUEN,  
J. W. ROBINSON,  
KNUTE HILL,  
JAMES W. WADSWORTH,  
*Managers on the part of the House.*

The report was agreed to.

#### PROGRAM FOR FINANCING RECOVERABLE EXPENDITURES

The Senate resumed the consideration of the bill (S. 2864) to provide for the financing of a program of recoverable expenditures, and for other purposes.

Mr. TAFT. Mr. President, I offer an amendment.

The PRESIDING OFFICER. The Chair will state that an amendment is pending. The question is on the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY], as modified.

Mr. GEORGE. Mr. President, let the amendment be reported to the Senate.



The PRESIDING OFFICER. The amendment will be read by the clerk for the information of the Senate.

The CHIEF CLERK. On page 4, line 17, after "Act", it is proposed to insert a colon and the following: "Provided, That in order that the competitive system of private enterprise for profit shall be maintained and encouraged, loans under this subsection shall be so administered as not to promote any undertaking in a field now adequately supplied by existing competitive private enterprise or by existing noncompetitive private enterprise at reasonable rates or prices, unless in the latter case a reasonable offer is made to acquire the facilities of such noncompetitive enterprise and such offer has not been accepted, and a finding as to both the reasonableness of said offer and also as to the failure of acceptance has been made after public hearing by the Public Works Commissioner."

Mr. NORRIS. Mr. President, the adoption of this amendment for practical purposes will make it impossible for any municipality in the United States to get any assistance under the provisions of the pending measure toward the construction of a municipal light plant. From what many Senators with whom I have talked have said I believe the amendment will probably be adopted. In what I shall now say, Mr. President, I will, as nearly as I can, express plainly my belief and my judgment as to what will happen if the amendment is adopted, without any idea of impugning the motives of any Senator who supports the amendment, or of the Senator who offered it.

Mr. President, I think when it comes to loaning money or offering any financial assistance to municipalities for the construction of municipal electric-light plants, the municipalities should determine for themselves, under the State law, whether they wish to build or construct such municipal light plants, and their decision should be final.

If they decide they do not wish to build such plants, we should not in any way try to exert influence to induce them to do so. On the other hand, if they decide that they want to go into the business of generating and distributing electricity in their municipalities, we should keep our hands off. I go on the theory and the belief that the municipality should decide for itself whether it shall enter the electric-light business; and if it decides to do so, then it should not be circumscribed or hindered by any Federal statute. I think the language of this amendment will for practical purposes absolutely prohibit them from getting any benefit under the bill.

Why do municipalities go into the generation and distribution of electricity to their citizens? Not because they want to go into the business. What has been the history with respect to public utilities in the United States? What have municipalities which were supplied by a private corporation done before they have gone into the generation and distribution of electricity on their own part? The story is known to every Senator and to every citizen. The municipality goes to the private company which is supplying it with electricity and on bended knee begs the corporation to reduce its rates. The municipality feels that the rates are too high. The municipality never thinks of building a municipal plant except as a last resort. Does any Senator suppose that a municipality would not rather buy the private plant than to put in a competing system? Does any Senator believe that a municipality would gladly go into business knowing that it had to compete with a powerful corporation, a monopoly, the arms of which extend from the Atlantic to the Pacific, and from the Great Lakes to the Gulf? It seems to me it is foolish to think that municipalities want to go into that kind of a battle. They never do enter into such a struggle until they have exhausted every honorable means to obtain what they believe to be fair rates.

Mr. President, the people must be the judges. The responsibility is on them. The courts have held without exception that the people have a right to enter that business if they wish to do so. They may go in or stay out; that is their business. So, the right to enter the business cannot be questioned. Universally the courts have held that the fact that a private company is to have competition from a municipal plant is no defense whatever on the part of the

private company unless it has an exclusive franchise, and in that case the municipal plant could not compete with a private company. The day of grace of the municipality would be signed away.

A private corporation has no legal right whatever to say that a municipality should not construct an electric-light plant on the ground that it would compete with the plant of the private company.

When the people decide, vote the bonds, and make application for Federal assistance, they are always glad if they can buy the existing system at a reasonable price. It is to their financial advantage to do so. As a rule they pay more than the private system is worth. Whenever I have been consulted about such matters I have always said that I would pay more than it is worth, because I know what is ahead. There is a line of litigation extending from the municipality to the Supreme Court of the United States if it is possible to get there—and nearly always it is. Injunctions galore will be started, and a long chain of litigation will be commenced.

We all know the history of such things. As a rule injunction proceedings start the day after the people have decided to put in a municipal plant. It is often true—I think it is so apparent that no one will dispute it—that litigation is commenced when the corporations which commence it know that they are going to be defeated in the end. They want delay. They want to make expense for the municipality.

What happens? An ordinary municipality is worn out in the courts. It is carried from one court to another, always running the risk that somewhere in the proceeding as the case goes up there will be some error and that an appellate court may set aside a previous decision. The municipality always runs that risk. It often happens that a decision is set aside on some technicality, and the municipality has to go back and have another election and commence over again. Municipalities know that weary path. A municipality does not often start the construction of a municipally owned plant because it knows it will have to go through long and tedious litigation which will probably wear it out in the end; and often it submits to injustices and to unreasonable rates rather than start a chain of litigation which may last for years.

Somewhere in the record is a report made by myself on a bill which was pending, which shows the delay. The case to which I refer was not the case of an electric-light plant, but of a gas plant. The regular officials of the State, up to the State supreme court, passed upon the application. They settled the question; and the State supreme court unanimously said that the municipality was right. Afterward a rehearing was granted, and the question was again passed upon in the State supreme court. Again the court said the municipality was right.

Later, before the local court which had originally passed upon the question could take up the mandate coming from the State supreme court, the private company dismissed its case and commenced a case in the Federal court. The municipality took the ground that since the question had gone to the State supreme court and had been passed upon there, the company had no standing in the Federal court. That question went to the Supreme Court of the United States; and the Supreme Court said that the municipality had no right to object, because the original suit had been dismissed, and it upheld the jurisdiction of the Federal district court.

Then the case went back again, because it was reversed on a technicality, and it came up in the Federal district court. After long and expensive litigation, after several thousand dollars had been spent employing technicians to appraise the value of the property and go through all the necessary formalities, the case was set aside and new appraisals had to be obtained. Specialists were employed, and the case was again tried. It was appealed to the circuit court of appeals, and from there to the Supreme Court. The Supreme Court rendered final judgment in favor of the municipality. The case came back the last time 7 years after it had been commenced.

What happened then? Instead of obeying the mandate of the Supreme Court the company made a showing in the lower court that so much time had elapsed that conditions were altogether different. There might have been something in that argument. Seven years bring about great changes. What was a reasonable rate when the litigation was first started might not then be a reasonable rate.

That case illustrates what happens to municipalities when they are taken into court. In the pending amendment, no matter what the municipality has decided, no matter how unreasonable have been the rates charged to the citizens of the municipality, it is proposed that a Federal official hold a hearing. He must pass upon the reasonableness of the rates which are objected to. He must pass upon all the questions involved after a public hearing. It may be that it has been decided by the State authorities, or even by the courts of the State, that the rates are unreasonable. That does not make any difference. A Federal official must conduct a public hearing and pass upon the question as to whether or not the rates are reasonable.

Then come the injunctions again. Who is going to decide what is reasonable? It may be that the proper officials have already determined the question. That does not make any difference. The Federal Commissioner must pass upon the question after a public hearing. All kinds of evidence will be offered. Evidence will be brought in by the private corporation which will fill volumes. The public hearing will involve great expense. Then, after the public hearing, the Commissioner is to decide what is reasonable, regardless of anything which may have previously happened.

Mr. President, it seems to me the people of a municipality should be supreme in deciding whether or not they want to go into the business. It is their business. It involves the people of the municipality, and if the people start in the business their property will be involved.

That ought to determine it.

Mr. President, if this amendment is agreed to, the specter of delay and expense will stare every municipality in the face, so that, before they commence, they will say, "We had better suffer wrongs and ills than enter upon litigation, the end of which it takes the imagination to conceive." That is what is going to happen if we adopt this amendment.

Mr. President, what has been the history? Are the municipalities hunting around for a big or small monopoly that they want to slap in the face or injure? We all know what the history has been. That has not happened in the past. There has not been any abuse on the part of municipalities. I could cite many cases that are pending right now, if I wanted to take the time, of the people of municipalities voting 4 to 1 for municipal distributing plants. In the municipality there was a plant owned by a private party—owned by a private corporation—a foreign corporation, controlled in Wall Street, for, by going through several holding companies, that is where the control would be found. The municipality wanted to buy the private plant and took up the question with the local manager. I have in my office copies of correspondence showing that the municipality's proper officials who had in charge the construction of a distributing plant, which had been decided on by the voters by a vote of 4 to 1, asked the manager of the private plant to sit down with them at the table and see if they could not reach an agreement by which they would buy the existing distributing plant. The answer was, "We see no advantage in doing anything of that kind; we have nothing to say." So they took it up with the holding company in New York City and said, "Our people have voted to put in a distributing plant and the local manager of your subsidiary corporation in the municipality refuses even to talk it over with us. Rather than put in a competing plant, we want to buy the existing plant. Can we meet him and see if we cannot reach a price that will be agreeable to both sides?" The answer from that magnate in Wall Street was, "I know what you have tried to do with the operating company, and I believe they did just what was proper; I will have no consultation with you; I will not meet with you around the table." Where was that

municipality left? They had, under the mandate of the people, to construct a distributing plant. That is what usually follows; that is what has been going on in the past. Nobody has been injured by the municipalities. They have leaned backward, and nine times out of ten have paid the private company, or offered to pay it, more than its distributing plant was worth.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Tennessee.

Mr. McKELLAR. The Senator has described exactly what took place in my home city of Memphis, except that the vote there was 17 to 1 in favor of a municipally owned plant.

Mr. NORRIS. The municipality of which I was speaking was not Memphis; I did not have any reference to Memphis; but I thank the Senator for his contribution.

Mr. HILL. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Alabama.

Mr. HILL. Of course, there are many other cases as well as the case at Memphis that might be cited. Is not that true?

Mr. NORRIS. Oh, yes; there are many of them.

Mr. HILL. There is a case in Bessemer, Ala., where a project has been held up for nearly 6 years by one injunction suit after another.

Is it not true, also, that the dictates of common sense and of business judgment require really that the municipality, first, if there be any way possible, purchase the existing public-utility distributing system? Is it not true that every dictate of common sense suggests that they try to do that?

Mr. NORRIS. Certainly, it is to the interest of both sides to do that.

Mr. HILL. It is to the interest of both sides.

Mr. NORRIS. And the litigation should be avoided; the municipality wants to avoid it.

Mr. HILL. It is to every interest of the municipality, if possible, to avoid it.

I should like to call the Senator's attention to the fact with which I am sure he is familiar—but I want the Senate to realize it—that the amendment has been modified since it was submitted and printed by putting in it, as the Senator knows, a provision that a public official will not only have to pass on the question of the reasonableness of the offer but will also have to pass on the question as to whether or not the offer has been refused or accepted. The private power company will say, "We have not rejected this offer; we have not turned it down; we are considering it; but our auditors have got to investigate the books; they have got to make a study. This is a very important matter; it involves much money and many technical questions. We have got to have our engineers go through this matter; our economists have to study it." Heaven only knows how long a time it would take before there was an acceptance or refusal of the offer. Thus there would be another invitation for inordinate delay. Is not that true?

Mr. NORRIS. That is correct. I do not have the amendment before me, but, as I remember reading it, it provides also that the Federal Administrator or Commissioner or whatever he may be called must pass on the question as to whether the rates charged by the private company are reasonable or otherwise.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. O'MAHONEY. Such a provision is not in the amendment.

Mr. NORRIS. Then I withdraw that statement; I was speaking from memory; but that provision is, the Senator has said, eliminated from the amendment.

Why should not the people of a municipality decide what they want to do? Why incur all this delay which will mean the defeat of the project in the end?

Senators, there has been no complaint, so far as I know, that municipalities have been unjust. The history of such matters, running back 20 years, does not so show. I have not in mind a single instance of a municipality trying to rob a private corporation of its property. Municipalities do not want to go into the business. I never would advise any



municipality to go in the business if its citizens were getting rates that were fair. But the Commissioner or Administrator ought not to pass on the reasonableness of anything connected with such a transaction. That should be up to the municipality. They have a right to act. If they make a mistake, they lose; if they are wrong, they lose. It is their property; it is their municipality; it is their business.

Mr. President, under the old P. W. A. a great many cases of this kind came up. For instance, I remember one at Jacksonville, Ill., a city, as I remember, of some 30,000 population. First, they went to a private company and, practically on bended knees, begged the private company to give them relief from high rates. The company refused to do anything; it would not give the municipality any consideration; and, as a last resort, there was circulated a petition calling for an election on the question of constructing a private plant or buying out the existing one. That was contested in a campaign extending over weeks. I know something about what took place in that campaign. The private company spent all kinds of money; the municipality did everything it could, although it did not have money to equal that of the private power company. The question was argued before the people and an election was held. I have forgotten the vote, but it was overwhelmingly in favor of the municipal plant. Then, what happened? The next day there came an injunction from the Federal court. Proceedings were started the very next day and the municipality was prohibited under that injunction from doing anything.

I never followed the case through; I do not know what happened in that particular instance; but it was the old story over again. Nobody wanted to rob the private company of their property. But now we are proposing to nullify any action taken by a municipality; we are proposing, under the guise of protecting property that does not need any protection, God knows, to set up a commissioner to pass on whether the municipality, if it desires to secure any Federal assistance under this bill, has a right to take action.

It seems to me it is unjust; it is uncalled for, as I see it, and there is no reason for it. If the amendment is intended to apply to other things, such as the Government going into business, starting some new industry, or anything of that kind, nobody, as far as I know, wants it to do that. I do not want that to be done; I do not want the Government to go into the manufacturing business, and it ought not to do so, in my judgment. But here is a municipality that has a right to say, "We want to construct a municipal plant"—no one questions that right—"we are dissatisfied; we do not want to destroy our competitor's property; we want to buy it if we can, and we will buy it if we can agree on a price." I have followed many such disputes through, I have followed hundreds of them, and I want to say to the Senator that I have never found a single instance where a municipality, so far as I could see, wanted to interfere with or detract from any private industry. They were looking after their own interests; they were dissatisfied with the prices they had to pay; but never did they want to rob the private company; always, according to my recollection, they wanted to buy it out, if they could.

So far as my advice is concerned—and it has been sought in hundreds of cases all over the United States—I have always said, "You can afford to pay something more than the private company is worth, and I advise you to do it, because if you do not, God only knows when you are going to get through litigating; God only knows where the end of the destructive path is going to lead. Nine times out of ten the private companies do not expect to win their suits; they merely want to wear you out; they want to delay; they want to increase expense; they want to discourage you and then compel you to go back to the monopoly you always have had."

There is not anything in the history of the investigation by the Federal Trade Commission, which extended over several years, that ever showed an instance in which a municipality was trying to rob a private power company. These electric utilities, constituting one of the greatest monopolies under our flag, try to make us believe and try to make the country believe that they are suffering, that they have been

abused, that the malicious municipalities have tried to build systems competing with them. We know that is their story; and we know, taking the country as a whole, so far as the Federal Trade Commission is concerned, that the water and the air in their capitalization was, as I remember now, nearly \$2,000,000,000. I am not referring to any particular locality; but in all the research I have ever made I have never yet found one of these great power companies that did not have a great deal of illegal capitalization.

I will give an illustration. Down in Knoxville, Tenn., now supplied with power by the T. V. A., I remember that at one time the private corporation supplying Knoxville with electricity closed their books one night, and next morning when they woke up and started a new day's work their capitalization was arbitrarily increased on the books to the extent of \$5,000,000—\$5,000,000! It is the same old story. The same thing happened in my State, where the Nebraska Power Co.—supposed to be a Nebraska corporation, but as a matter of fact incorporated in Maine, owned by the American Water Works Co., they in turn being owned by the Electric Bond & Share Co. of Wall Street, three corporations—manipulated their books years ago in a way by which the capitalization was increased, by which they borrowed millions of dollars in the New York market when they did not need any money, by which they borrowed more money before their debt was due when they needed nothing, canceled the debt, made a new loan at an increased rate of interest, and paid off the old one with interest, always bringing the burden home at last to the consumers, or to the investors who furnished the money. They are the only two sources of income this great monopoly has—the people who pay for electricity in the homes, the factories, and the business houses, and the widows and orphans who have money to invest. The electric utilities rob them both. They rob them both ways. It is the story that has run through the investigations of the Federal Trade Commission all over the United States.

If I wanted to take the time, I could take the CONGRESSIONAL RECORD and point out where those stealings and losses in almost every State of the Union have been put into the RECORD, I could show that the citizen of the ordinary municipality, if he wants to find out who owns the little bulb that gives him light, will have to go through three or four States. He will find that this company is owned by that company, and that company is owned by another company, and that one is owned by still another company, perhaps half-way across the United States, and usually he winds up in Wall Street, New York, where the parent company on a pyramid has built up a number of corporations that stagger the imagination, the machinery of all of which must be oiled by the little man in the little home who buys electricity, the housewife who uses it in her kitchen, the washerwoman who uses it to run her washing machine, and the other people who have money to invest, investing in one or more of these corporations that go from the operating company up to the top holding company.

I put on the wall here, during the consideration of the Holding Company Act, charts which showed how these things went up in the cases of almost all the prominent utility companies of the United States. In my imagination I can see one of them now, over on the wall, in which there were 13 steps between the corporation that actually made the electricity and the top holding company that controlled it. Mr. President, in my humble opinion, that is the kind of institution that this amendment is going to help, and it is the only place where the amendment is going to help anybody.

So far as electricity is concerned, the amendment ought to be defeated. It has no place in the pending bill; and I state it as my opinion that if the amendment is put in the bill it will mean that practically no assistance will come to any municipality anywhere in the United States by virtue of this proposal.

Mr. HILL. Mr. President—

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from Nebraska yield to the Senator from Alabama?

Mr. NORRIS. I yield to the Senator.

Mr. HILL. The Senator doubtless will recall that when the bill creating the Tennessee Valley Authority passed the House of Representatives, it had in it a provision very similar to the provision set out in this amendment, requiring that before the Tennessee Valley Authority could construct a transmission line it had to negotiate and endeavor to purchase the then existing transmission lines. I recall that in the conference committee the Senator from Nebraska stood out against any such provision, and fortunately was victorious in his efforts to keep the provision out of the Tennessee Valley Authority Act.

In the light of all that has transpired, all that we now know of the steps that have been taken by the power companies to defeat the Tennessee Valley Authority and to defeat municipal distribution of power, does not the Senator believe that if he had been unsuccessful, and if that provision had gone into that act, it would have been practically fatal so far as establishment or operation of the Tennessee Valley Authority is concerned?

Mr. NORRIS. Mr. President, I think that is a proper question. In my humble judgment the Tennessee Valley Authority would have been a colossal failure just because of that little thing. Even without it, the road of litigation going back and forth from the courts of Tennessee and Alabama to the Supreme Court is literally littered with money that the T. V. A. had to spend and with losses they sustained because of injunctions. The T. V. A. won their cases in the end in the Supreme Court; but, nevertheless, the delay would have amounted to millions of dollars, and the delay suffered by the municipalities that were unable to get electricity by virtue of injunctions would have amounted to millions of dollars more.

As I remember the history of the language to which the Senator from Alabama has referred, it is a little different from that to which I referred. The amendment was offered right here in the Senate to require what the Senator from Alabama has stated. I then said in the debate, "If you put in this amendment, you will have stabbed the entire thing to death." All the various methods of obstruction, of delay, of expense, would come in if we had to negotiate to buy, if that provision were put in the law.

As a matter of fact, the municipalities always do negotiate to buy. Every municipality has tried to buy instead of building; but the law does not require them to do so. If it did, and if it prescribed the modus operandi that they had to pursue, as this amendment does, we would give to all the private power companies as a matter of law the right to go into any case and every case, and they could always allege that the finding was wrong, was unreasonable. Any good lawyer can make a good case on paper. Secretary Ickes will tell you that he has always required, if any question was raised, that the municipality should first offer to the private utility there in existence a fair price for its property, if the law required that to be done. Then an injunction would come in under the law, and whatever was offered would be alleged to be unfair; whatever was said would be controverted. Whatever the commissioner's finding, they would allege he was corrupt, that his findings were wrong, that he did not know what he was talking about. They would say immediately, "He is not an expert." Yet he is the man set up by this very amendment to pass on the matter. He will have to listen to experts; he will have to hold the public hearings in every case; and God only knows how long they will last and what measures will be resorted to by the power companies and their shrewd attorneys to delay the matter, and to get error into it, to get something in it on which they may hang an injunction suit.

So we have been going on, paying them more than they are worth, as the Senator from Alabama suggests. Congress passed a law to permit the T. V. A. to carry out an agreement with the private companies, which is not yet perfected, because we delayed the legislation until the time had expired under the tentative contract. They have made another contract, the same as the old one, and I tell Senators, as, I think, I stated it when the bill was before us, that not only

is the T. V. A. doing the fair thing by the private power companies in the purchase of their property, but, in my honest judgment, it is paying \$10,000,000 more than the property is worth. I put it up to the T. V. A. experts, and they have admitted that they are paying more than it is worth. I think they should be paying more than it is worth. The press generally has said they made a very liberal contract with the private companies.

Mr. President, there is no danger that municipalities are hunting around the dark corners to try to steal from these great corporations, or illegally to take their property away. There has not been any such thing. There is no history that would warrant this amendment. I think that if there is desire that the municipalities shall get any benefit, this amendment must be defeated, or they will not be able to take advantage of anything in the pending measure.

Mr. MINTON. Mr. President, I agree entirely with what the Senator from Nebraska [Mr. NORRIS] has just said about the implications of the amendment. I think it cannot be doubted that if this amendment is agreed to, it will make it extremely difficult, if not impossible, for municipalities to erect electric-light plants and distributing systems in the municipalities.

I know that the Senator from Wyoming [Mr. O'MAHONEY] does not sponsor this amendment in order to accomplish that purpose; I know that the Senator from Wyoming did not offer the amendment in order to aid the cause of those who are opposed to municipal utilities; but, in my judgment, the enactment of the amendment would have that effect.

In speaking in support of the amendment this morning, the distinguished Senator from Wyoming spoke with great force and eloquence about private enterprise, and the Senator from Utah [Mr. KING] spoke about those who wanted to turn the country over to the Socialists. I know that there is no one in this Chamber who wants to turn this country over to state socialism, and I know that we are all interested, as the Senator from Wyoming is interested, in maintaining private enterprise. But we cannot overlook the fact that there happens all too often in this country the thing the Senator from Nebraska has so clearly pointed out, that private enterprise encroaches upon the rights of private citizens, and that private citizens are entitled to be protected from the buccaneers in private enterprise. That is all we seek to do when we authorize a municipality to erect and maintain a municipal light plant and distribution system.

So, Mr. President, this amendment, as I see it, would have the effect of putting a limitation upon the power the Supreme Court has said in its recent cases municipalities have in the establishment of municipal light plants by the aid of grants and loans from the Federal Government.

In the recent case of *Alabama Power Co. v. Ickes* (302 U. S. 464), the utility involved challenged the right of the Federal Government to assist four municipalities in the State of Alabama in the erection of municipal light plants and distributing systems. They challenged the constitutionality of the act under which Mr. Ickes was proceeding, and sought to enjoin these municipalities and Mr. Ickes from entering into a contract for the erection of municipal plants and the giving of a grant to the municipalities and the making of the loan to them.

The district court held that the contracts were valid and that the statute was constitutional, and that the power company had the right to raise the question. But the circuit court of appeals, on the appeal of that case, held that the utility did not have the right and the standing in court to raise the question and it did not pass upon the constitutionality.

The case went to the Supreme Court of the United States, and the Supreme Court took the same position the circuit court of appeals had taken. The Supreme Court of the United States said that the utility had no standing in the courts to raise the question, because, the Supreme Court said, these municipalities had a right under the law of Alabama to erect a municipal plant and to enter into competition with a private enterprise in the same community. In other words, they



held that the private utility had no vested right under the law to be free from competition. Therefore, having no right to be free from competition, they could not question the source of the funds of the municipality which sought to give them competition because the municipality had the right to give them competition and they therefore invaded no right.

Mr. Justice Sutherland said in that case:

What petitioner anticipates with emphasis is damage to something it does not possess, namely, a right to be immune from lawful municipal competition. \* \* \* The ultimate question which, therefore, emerges is one of great breadth: Can anyone who will suffer injurious consequences from the lawful use of money about to be loaned unlawfully maintain a suit to enjoin the loan?

The Supreme Court of the United States answered that question in the negative.

The result of that opinion is that the municipalities, whose State legislatures have given them the authority to erect electric-light plants and maintain distributing systems, and to receive grants and loans in aid of their construction, have a right to do those things; that even though there is a competing utility in the municipality, such utility has no right to say it shall have no competition; and when the municipality seeks Federal aid, it is doing what it has a right to do under the law; and when it brings competition to the utility in doing so, it invades no right of the utility.

If we adopt the amendment, therefore, the result will be that we will place a limitation upon the existing right of the municipalities to ask the Federal agencies for aid under the proposed law to enter into competition with a corporation which has no right to deny competition.

Mr. BONE. Mr. President, will the Senator yield?

Mr. MINTON. I yield.

Mr. BONE. I agree with what the Senator is saying, but I think there is a further consideration involved in this matter. In the Tennessee Valley location, and in the Northwest, the Government has built, through authority of acts of Congress, some enormous public-power developments. In the very nature of things it is contemplated that they will not compete with the private utilities, but will take over their operations and systems and pay for them. Certainly no one can be harmed by that kind of arrangement.

Suppose the people of my State wanted to buy the Washington water-power system. If we really want to buy it, what harm is done, what purposeful, decent American principle do we challenge by buying that system and paying the owners, so that we can utilize the power from the instrumentality we set up here in the Congress?

We are not going to compete with these organizations and put them out of existence, but we will buy them. I know of no well-founded principle in our whole American system to which we do violence in buying out a power system. I do not know of any principle that gives a private monopoly the right to tie up a community. What fundamental moral principle can such a monopoly invoke to demonstrate that it has the exclusive right to operate in the city of Seattle, or in any other municipality in my State? The people are the masters of their destiny. What principle of morality can anyone invoke to indicate that that statement is wrong?

We are going ahead with these developments in my section of the country. We built the Coulee and Bonneville Dams, and I hope that in due time we will take over the electric distributing systems in my State. What is wrong in that? What principle is involved in that which anyone can challenge? God knows, the people are the final resort; and, if they are not, we will have to revamp the whole American tradition. If the people of the State of Washington march to the ballot box and say, "We want that system, and we will pay for it," does that do violence to any American principle? The Supreme Court of the United States has held that it does not.

Mr. KING. Mr. President, will the Senator yield?

Mr. MINTON. I yield.

Mr. KING. Does the Senator from Washington contend that a corporation, whether it is engaged in the public-utilities field or in the ownership of real estate, has no protec-

tion under the law, and does he contend that ethical concepts are not to be considered as against a mere legal statement of one's rights?

Mr. BONE. Let me say to the Senator that, because of my interest in the power question, I have read every decision of a court of last resort that I could get my hands on dealing with that question, and I find nothing in the pronouncements of the courts that reflects in the slightest degree upon the morality of a transaction of that kind. My party, and the party of the Senators on the other side of the aisle, have repeatedly announced that a private monopoly is indefensible and intolerable. Both parties make that high and holy pronouncement in their platforms. The Lord knows there is no more airtight monopoly than a private monopoly, and we have given it our blessing by means of a system of regulation. The point is, however, that the power of eminent domain for public purposes has been recognized from the beginning of the Republic.

There is no sanctity of private ownership that rises above public interest, necessity, and convenience. I, in common with probably every lawyer in this body, have participated in suits to condemn land and property for public purposes. The supreme court of my State has declared that a power system is a public necessity when the municipality so declares by proper underlying resolution. I am not going back to that. I do not see any moral principle involved in it. There is the quid pro quo; if the system is worth a million dollars and we pay the owner a million dollars, he steps out. What moral right has he to insist that he is entrenched in his ownership beyond any possibility of any public body taking over his property? To keep company with such a doctrine would be to tie the hands of every public body in America.

Mr. KING. Mr. President, will the Senator yield?

Mr. MINTON. I yield.

Mr. KING. I regret that my friend, the Senator from Washington, has not answered my question. I think no one will deny the right of the Government to exercise the power of eminent domain. I think State legislatures have the right to confer upon municipalities or upon corporations set up by the Government the right of eminent domain to subserve a public purpose; but, in the exercise of the right of eminent domain, certainly the Senator does not justify the expropriation of property, and he certainly must concede, even if he does believe in the expropriation of property without compensation, that there is something immoral and unethical in it.

Mr. O'MAHONEY and Mr. BONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana has the floor. Does the Senator yield; and if so, to whom?

Mr. MINTON. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. While the Senators are debating this question in the abstract, I should like to clear it up a little bit in the concrete. I am desirous of making every reasonable modification of this amendment to satisfy whatever objections may reasonably be made. Therefore, in order that at least part of the criticism which has been offered by the very able and distinguished Senator from Nebraska may be met, I desire to offer a modification of my amendment. The modification which I now propose includes everything that has been in the amendment up to date, but merely undertakes to make clear, first, by whom the offer must be made; and second, that the Commissioner of Public Works shall have the authority to fix the time within which the hearing may be held.

Mr. President, I will state the modification and will read the entire amendment. Beginning in line 2 of the printed amendment:

*Provided*, That in order that the competitive system of private enterprise for profit shall be maintained and encouraged—

That language being a recitation of the declaration of the President of the United States—

loans under this subsection shall be so administered as not to promote any undertaking in a field now adequately supplied by existing competitive private enterprise or by existing noncompetitive private enterprise at reasonable rates or prices, unless in the latter case a reasonable offer is made—

And here I insert the words:  
by the applicant for the loan—

Then the language of the amendment continues:

to acquire the facilities of such noncompetitive enterprise and such offer has not been accepted, and a finding as to both the reasonableness of said offer and also as to the failure of acceptance has been made after public hearing by the Commissioner of Public Works—

With this added phrase:

within such time as may be fixed by said Commissioner.

Mr. WHITE and Mr. BONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana has the floor. Does he yield; and if so, to whom?

Mr. MINTON. I yield first to the Senator from Maine.

Mr. WHITE. Mr. President, if it is agreeable to him, I wish to ask the Senator one or two questions about the draft of the amendment. I am not going to concern myself about the purpose of the amendment. I am interested in the effect, or the lack of effect, of the language as it is. The amendment provides that "loans under this subsection shall be so administered as not to promote any undertaking," and so forth. I am not clear in my mind as to the meaning of that word "promote." Does it mean to construct, or reconstruct, or enlarge, or repair, or improve, or what is the technical meaning of the word "promote"? That is one question.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Nebraska?

Mr. MINTON. I yield to the Senator from Nebraska to answer the question of the Senator from Maine.

Mr. NORRIS. If we shall adopt the amendment, the Senator will have an answer to his question at the hands of the Supreme Court in about 10 years from now. In the meantime, other loans that will be made under this measure will be hanging fire and the matter will be in the Supreme Court.

Mr. WHITE. But the trouble with that is that the Senator from Nebraska and I may not be here then to hear the answer of the Supreme Court.

Mr. NORRIS. Of course, we may not; and that will be another invitation to the private companies to get injunctions and rulings as to the construction of these very words.

Mr. WHITE. My point is that it seems to me that the use of that word leaves the meaning altogether indefinite, and there ought to be more precision than is to be found in that language.

Mr. MINTON. I think in any event, if I may suggest to the Senator from Maine, that the construction of that language would lie within the discretion of the Administrator, and he certainly could not be liable for anything outside of gross abuse of that discretion. But as the Senator from Nebraska has said, he might be dragged into court to find out whether he has abused his discretion.

Mr. WHITE. I do not suppose the administrator would have the last word as to the meaning of this language, and it seemed to me there ought to be an effort made to employ language which could be understood by Members of the present Senate.

I have one or two other questions. The amendment provides that these loans "shall be so administered as not to promote any undertaking in a field now adequately supplied by existing competitive private enterprise."

So far as I know, and so far as I can tell by reading, there is no authority given to anyone under this amendment to determine whether any field is now being adequately supplied by existing competitive private enterprise. Who is to determine that question? When is it to be determined, and how is it to be determined? I think the language of the amendment is wholly inadequate in that respect.

Mr. MINTON. I think that calls again for the judgment of the Commissioner of Public Works.

Mr. WHITE. This particular language relates to noncompetitive enterprises. Is it the Senator's idea that the Administrator of Public Works can go into the State of Indiana, or into the State of Washington, or into any other State of the Union and determine that a competitive private

enterprise is not adequately supplying hairpins or clothespins or any other article of commercial use?

Mr. MINTON. I should say undoubtedly he could.

Mr. WHITE. The Senator thinks he could?

Mr. MINTON. I think he undoubtedly could. If he was presented with a proposition from the local community, he would have to make a decision as to whether or not any such program undertaken should be in the community.

Mr. WHITE. Then I will go on. I come to the words—

Or by existing noncompetitive private enterprise at reasonable rates or prices.

Again I ask the question, Where do we find in the amendment any authority for anyone to determine the reasonableness of a rate or a price?

Mr. MINTON. I will say to the Senator, if it is a utility whose rates are fixed by the public, its rates are presumed by the law to be reasonable.

Mr. WHITE. Then in this instance the Senator relies on a presumption of law for the interpretation of this language?

Mr. MINTON. Yes. Whenever the rate is fixed by law there is a presumption of law that that rate is reasonable until it is set aside under a petition to determine its reasonableness.

Mr. WHITE. The trouble with the Senator's answer, so it seems to me, is that the language is not binding on the Administrator, because it says:

Unless in the latter case a reasonable offer is made to acquire the facilities of such noncompetitive enterprise and such offer has not been accepted—

And unless there is a finding of that latter fact to that effect.

It seems to me that, taken as a whole, someone, whoever drafted the amendment, has employed language which carries no certainty at all as to its meaning. It seems to me that Senators should be able to draft an amendment which would be more understandable than this one is. It may be due wholly to my inability to understand, but I do not believe so.

Mr. HILL. Mr. President, will the Senator yield?

Mr. MINTON. I yield to the Senator from Alabama.

Mr. HILL. The Senator from Maine [Mr. WHITE] has asked many interesting questions; but the most interesting part about his queries is that they illustrate, if the amendment is adopted, how many, many excuses will be given for the utilities to drag applications into court with various kinds of injunctions and court actions. All these queries will be raised, of course, just as the Senator has raised them, and will be used as a basis for some kind of court action to delay, thwart, and defeat the applicants and their requested projects.

Mr. WHITE. Mr. President—

Mr. MINTON. I yield to the Senator.

Mr. WHITE. I quite agree with what the Senator is saying, that the very questions I have raised—and I do not know the answers—will be the basis of challenge hereafter. As I have said, I dislike to have enacted legislation which is not so clear in its meaning that the opportunities for controversy are reduced to a minimum.

Mr. BONE. Mr. President, will the Senator yield?

Mr. MINTON. I yield.

Mr. BONE. I merely wish to refer for a moment to the statement of the able Senator from Utah [Mr. KING], who asked me if I thought it was a good legal or moral principle to tolerate in a piece of legislation the right to expropriate property. I am not sure I caught the Senator's meaning. I do not know whether or not he means the forcible taking of property without compensation. I know the Senator from Utah is too good a lawyer not to understand that private property may not be taken for public use unless just compensation is paid. So, if he implies forcible taking by the use of the term "expropriation," that is outside the pale.

The Senator from Wyoming [Mr. O'MAHONEY] referred to the President's attitude. I do not know whether or not he suggests that the President is in sympathy with this viewpoint. If he is, it would be a most astounding and



revealing thing. I am not prepared to believe that the President is putting his blessing on any proposal to limit the operation of a system which was set up primarily because of the assistance, support, and encouragement given by the President.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BONE. I shall be through in a moment. When the President came out to my State—

Mr. O'MAHONEY. Let me quote the President. Will the Senator from Indiana permit me to interrupt?

Mr. BONE. Let me finish my statement.

The President came to my State in 1934, at the time the Grand Coulee project was launched. He also spoke at the Bonneville plant when it was nearing completion. In both those statements the President of the United States gave encouragement to the spread of service of great plants of that character.

Mr. President, such plants can only be benign rather than malignant social growths. If they are given the opportunity to serve they can serve effectively only if the electric current from the plants is floated on distributing lines and pumped into the homes and business enterprises of the State of Washington and the State of Oregon.

One way to accomplish that, which does no violence to a single American tradition or a single principle of American jurisprudence, is to take over the existing distributing systems, many of which are privately owned at present, and pump current into the lines from those plants. I will say parenthetically that the laws of my State permit such action; but if we by an act of Congress say that there is something tainted in that proposal, and that in the great program to rehabilitate industry and the health of the country we may not lend money to the city of Spokane or any other city to take over a distributing system and pay the private owners its value we are thwarting the very thing about which the President himself spoke. If we are to have a peculiar twist given to our party philosophy I should like to know it, because I think the people of the Northwest would be tremendously interested in the new slant being given our party philosophy. I hope the Senator from Wyoming [Mr. O'MAHONEY] can explain the shift in the President's attitude, if there has been a shift. The President talked about the current going out to the homes in the State of Washington. How are we to get it out? Are we to do that to which many Senators have objected, and build parallel competing lines? The thing to do is first to take over existing distributing systems so that we will not have a double investment. Yet it is calmly suggested that we thwart the doing of that which every lawyer in this body will say is the logical thing to do. Let us not duplicate the lines. That is an intolerable thing, frowned on by good practice. The thing to do is to take over the existing distributing systems so as not to impose a double burden on the people who use the current.

Mr. MINTON. Mr. President, I shall conclude in a moment. To summarize the thought I wish to leave, it is simply this: The Supreme Court has spoken, and the Supreme Court has said what the rights of municipalities are. This amendment has the effect of limiting the right which the Supreme Court says a municipality has.

In addition the amendment has all the vices which have been so clearly pointed out by the Senator from Alabama in his questions to the able Senator from Nebraska.

Every lawyer knows that a defense lawyer wants nothing better than a statute which gives him an opportunity for delay. This little amendment is an answer to a defense lawyer's prayer. Incalculable delay is wrapped up in the amendment. As the Senator from Alabama has pointed out, there would be no end of litigation to determine whether or not there has been a failure to accept an offer, and whether or not the offer was reasonable. So, Mr. President, I am unwilling to be a party to limiting the right which the municipalities fought clear to the United States Supreme Court to vindicate. For that reason, as well as for the additional reasons cited by the Senator from Nebraska and the Senator from Alabama, I do not support the amendment.

Mr. O'MAHONEY obtained the floor.

Mr. ADAMS. Mr. President, will the Senator yield in order that I may suggest the absence of a quorum?

Mr. BARKLEY. Mr. President, before that is done, I ask the Senator from Wyoming and other Senators whether or not we can secure a limitation of debate on this amendment alone.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Connecticut.

Mr. DANAHER. I respectfully submit that I should like to be heard further with reference to the substitute which I intend to offer.

Mr. BARKLEY. I am not trying to deny that opportunity to the Senator. I wish to see if we cannot limit the time for debate to 15 minutes on the amendment and any amendment thereto. Such an arrangement would not apply to anything but the pending amendment.

Mr. AUSTIN. Mr. President, I think the point of no quorum should be made before the unanimous-consent request is presented.

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Colorado for the purpose of suggesting the absence of a quorum?

Mr. O'MAHONEY. I do.

Mr. ADAMS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The Legislative Clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	Johnson, Calif.	Reed
Andrews	Davis	Johnson, Colo.	Russell
Austin	Downey	King	Schwartz
Bailey	Ellender	La Follette	Schwellenbach
Bankhead	Frazier	Lodge	Sheppard
Barbour	George	Lucas	Shipstead
Barkley	Gerry	Lundeen	Slattery
Bilbo	Gibson	McCarran	Smith
Bone	Gillette	McKellar	Stewart
Borah	Green	Maloney	Taft
Bridges	Guffey	Mead	Thomas, Okla.
Brown	Gurney	Miller	Thomas, Utah
Bulow	Hale	Minton	Townsend
Burke	Harrison	Murray	Truman
Byrd	Hatch	Neely	Tydings
Byrnes	Hayden	Norris	Vandenberg
Capper	Herring	Nye	Van Nuys
Chavez	Hill	O'Mahoney	Wagner
Clark, Idaho	Holman	Pepper	Walsh
Clark, Mo.	Holt	Pittman	Wheeler
Connally	Hughes	Radcliffe	White

The PRESIDING OFFICER. Eighty-four Senators have answered to their names. A quorum is present.

The question is on the modified amendment of the Senator from Wyoming [Mr. O'MAHONEY].

#### THE PROTECTION OF PRIVATE ENTERPRISE

Mr. O'MAHONEY. Mr. President, just before the call for a quorum, the question was asked by the Senator from Washington [Mr. BONE] whether or not I had any basis for a statement made earlier in the debate that the principles enunciated by the President of the United States support the amendment I have offered.

I want to demonstrate to the Senator from Washington and to the Senate that there is ample basis for my statement. This amendment does not represent any change in the policy of the Democratic Party or any change in the policy of the administration. It represents a continuation of the announced program of this administration to stimulate free private enterprise.

A year ago, on the 2d of June 1938, when the Public Works appropriation was pending, a similar question arose. On that occasion the Senator from Kentucky [Mr. BARKLEY], in his capacity as majority leader, made this statement: I quote from page 7930 of the CONGRESSIONAL RECORD for June 2, 1938:

Mr. BARKLEY. Mr. President, in view of the situation which has arisen with regard to this amendment and an amendment to it or a substitute for it which I had planned a week ago to offer, and which I have abandoned, I wish to make a very frank statement about how the matter arose and what followed with reference to it.

At a conference some days ago with the President which was attended by Vice President Garner, Speaker Bankhead, House Leader Rayburn, and myself, the question of the propriety and wisdom of the committee amendment prohibiting the allocation

of any funds from this appropriation for the construction of competing public utilities in States, counties, or other political subdivisions in which there is an existing plant, came up for discussion. The President took the position—

Observe the language of the majority leader:

The President took the position that Federal money ought not to be allocated for the construction of public utilities where there is an existing private utility whose rates are regulated by a public authority until and unless the municipality or other political subdivision made in good faith an offer to purchase at a fair price the existing privately owned and operated plant. This position was agreed to by all those present at the conference.

Mr. BONE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. Let me say further, before yielding, that that announcement by the majority leader of the position of the President of the United States is an accurate and correct description of the amendment I have offered.

I yield to the Senator.

Mr. BONE. Just once, and for all time, let us lay some ghosts.

There is being erected in my State right now, under the encouragement and direction of the President of the United States, a power plant which will be capable of producing 2,000,000 horsepower of electric energy. There is another great Federal power project capable of producing a half million horsepower of electric energy. When those plans were suggested, let me say to the Senator from Wyoming, it was announced that they were being erected with the blessing of the President of the United States. There came the parallel announcement from private plants that they had adequate facilities to supply the electric needs of the State of Washington and the State of Oregon.

I want the Senator from Wyoming to tell me now why it is asserted to us that the President does not want to erect any competing plants when in my State and on its borders are plants capable of producing two and a half million horsepower of electric energy that will of necessity, unless we turn them over to private companies, have to compete in some fashion, or we shall be compelled to take over the distribution systems of private companies.

Mr. O'MAHONEY. Mr. President—

Mr. BONE. If the Senator—

Mr. O'MAHONEY. I will not yield further at this point. I will answer the Senator and not permit him to make a speech in the middle of my time.

Mr. BONE. Very well.

Mr. O'MAHONEY. I want to make this matter clear.

Mr. BONE. It will have to be made pretty clear.

Mr. O'MAHONEY. It will be made pretty clear. In this bill there is, by an amendment offered by the Senator from Idaho [Mr. CLARK] and myself, a provision allocating \$90,000,000 for reclamation; and the evidence before the Banking and Currency Committee in support of that amount contained provision for the development of power in my own State by public funds. I will not permit the Senator to put me in the position of being opposed to the development of public power. I am not opposed to it. I have always been for it. No one can put me in that position before this body or before the country.

Mr. BONE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I am saying to the Senator that he mistakes the issue. The question here is whether or not the \$350,000,000 allocated in this bill for the construction of public works by loans shall be so limited that those loans of Federal money shall not be used to strike down private enterprises which are now operating.

Mr. BONE. Mr. President, will the Senator yield?

A FIGHT ALREADY WON

Mr. O'MAHONEY. The Senator is under the impression that a fight against abuses which was long since won is still in progress. I sympathize with the fight which was made by the distinguished and able Senator from Nebraska [Mr. NORRIS] against the Power Trust. I sympathize with the great fight which the Senator from Washington [Mr. BONE] has made in the State of Washington with respect to abuses committed by private utilities.

I am in no sense defending such abuses. I am here, however, to say that the constant attrition of the forces which have been supporting administration policies in this Chamber and in the House has been the result of a growing belief in the country that the principle so clearly enunciated by the President of not competing with private enterprise is being undermined by others who do not speak his philosophy, but who speak, or attempt to speak, in his name.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Nebraska?

Mr. O'MAHONEY. I yield to the Senator.

Mr. NORRIS. I am not finding fault, and I do not believe anybody is, with the principle which the Senator has enunciated.

Mr. O'MAHONEY. The Senator from Washington [Mr. BONE] was finding fault.

Mr. NORRIS. The objection I have to the Senator's amendment is that he tries first to remedy a situation which does not exist, and he carries out the policy by adding language that is going to lead to endless, costly, and unnecessary litigation and defeat the very purpose we have in view.

Mr. O'MAHONEY. Mr. President, I do not believe it will result in the defeat of any such purpose, because—

Mr. NORRIS. Of course, I do not think the Senator would do that.

Mr. O'MAHONEY. As I pointed out a moment ago, this amendment is attached only to an appropriation of \$350,000,000 for public works. Most of that money will go, not for the construction of municipal light plants, not for the construction of utilities, whether competing or not competing, but for the construction of bridges, for the construction of buildings, for the construction of dormitories and university buildings on the grounds of various State institutions, and for innumerable similar projects which have no relation whatsoever to public utilities. It is hardly likely that one-tenth of this sum will be sought by any municipality for the construction of municipal light plants.

Mr. NORRIS. In my opinion, none of it will be sought. The Senator, as I see it, is now excusing the language of his amendment by saying that it will not amount to much, because there will not be much of that kind of business; and the Senator may be absolutely right about it.

Mr. O'MAHONEY. Mr. President, even if that were true, I say that if this amendment should have the result of making it impossible to loan a single penny for the development of any competing public utility anywhere in the United States, it would be worth while to prevent that construction if, in exchange for the prevention, we succeeded in convincing the people of America that it is not the purpose of this administration to undermine free private enterprise.

Mr. CLARK of Idaho. Mr. President—

Mr. O'MAHONEY. I yield to the Senator from Idaho.

Mr. CLARK of Idaho. I call the attention of the able and distinguished Senator from Nebraska and the distinguished Senator from Washington to the fact that in the case of a bill which was recently passed by both the House and the Senate, and which I suppose is now on its way to the White House, providing for the veritable repayment of the reclamation contracts, the distinguished Senator from Alabama [Mr. BANKHEAD] appointed the Senator from Wyoming [Mr. O'MAHONEY] chairman of a subcommittee to consider the bill. The Senator from Nevada [Mr. McCARRAN] and I were members of the subcommittee. In the bill, as originally drafted by the Bureau of Reclamation and the Department of the Interior, was a provision requiring that all power developed on reclamation projects should be given preferential treatment with regard to municipalities, municipal corporations, and cooperatives organized under the Rural Electrification Administration. When the bill went to the House, the House committee and the House itself eliminated that provision.

I desire to say, in fairness to the Senator from Wyoming, that as chairman of the subcommittee—the Senator from Nevada [Mr. McCARRAN] will bear me out in this statement—he fought through the committee hearings to retain in the



bill the provision that municipalities and municipal corporations and cooperatives organized under the R. E. A. should receive preference with regard to all power. I want to say further, on behalf of the Senator from Wyoming, that he obtained the holding of that provision in the bill in the full committee and in the Senate, and that when the bill went back to the House he made a fight in conference and retained the provision in the bill as now drafted.

So I think that any implication that the distinguished Senator from Wyoming is in any way adverse to the development of municipal and cooperative power in proper case is wholly unjustified.

Mr. NORRIS. Mr. President, will the Senator from Wyoming yield?

Mr. O'MAHONEY. I am very glad to yield to the Senator.

Mr. NORRIS. Of course, if the Senator from Idaho intends to convey the idea that I have been implying that the Senator from Wyoming has opposed municipal power development, that is entirely erroneous. I have made no such implication. I am familiar with the matter about which the Senator speaks. The Senator from Wyoming will bear me out that I talked with him about it.

Mr. O'MAHONEY. The Senator is quite right.

Mr. NORRIS. About retaining that language. The Senator from Wyoming did a magnificent job, a good work, in my opinion. I do not want to imply that the Senator from Wyoming is trying to deceive the Senate, or that he is unfair. Still I have the right, the honorable right, to draw a conclusion which I think is inevitable from the language of the amendment, that, so far as utilities are concerned, the Senator's amendment is only inviting litigation, and that it would mean long, tedious, expensive litigation, which would wear out the applicants. That is my idea. If the Senator from Wyoming does not believe that, I am not finding fault with him because he does not. I do not believe the Senator from Wyoming is laboring under the impression that I have attempted to imply anything wrong in his conduct in advocating this amendment. I have certainly tried to make it plain that I am not doing that, and I do not believe that.

Mr. O'MAHONEY. Mr. President, I have no question in mind whatsoever about the attitude of the Senator from Nebraska. I know that he is not offering any criticism, because, as he stated a moment ago, he knows I conferred with him about the retention in the reclamation repayment bill of the provision which, as the Senator from Idaho has stated, was reinserted by the subcommittee of which I was chairman, giving a preference to municipalities and public bodies and cooperatives under the R. E. A. in the use of power developed by reclamation projects. I am deeply grateful to the junior Senator from Idaho [Mr. CLARK] for his most gracious remarks.

Mr. MALONEY. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. MALONEY. I rise to ask the Senator from Wyoming to yield to me that I may refer to the statement he made just before he yielded to the Senator from Idaho.

I am tremendously interested in this subject, and interested in the pending amendment, as the Senator knows. Yesterday I offered, in connection with an amendment covering other things, an amendment on this particular subject. I thought it was a comprehensive amendment; I thought it treated the matter in more proper detail than the one now before the Senate, because it provided a way for the building without delay of plants where there are existing plants.

It set up a board of arbitration to determine what was a fair price; and I might point out, if the Senator from Wyoming will be kind enough to give me the time, that it was the same as the amendment which was under consideration at the time we had the message, and the President's letter, from the Senator from Kentucky, the majority leader, to which the Senator from Wyoming just a few moments ago referred.

I should like to see this amendment extended. I had prepared an amendment of my own, another one, concerning this subject, which I had intended to offer a little later.

I am going to support the Senator's amendment, but I want to emphasize the truth of the statement he made concerning the worth of his amendment just before he was

interrupted by the Senator from Idaho. He said that it would give promise to the American people that there would not be governmental competition with private enterprise.

I want to tell Senators that such competition is coming from sources we know little about, and I should like to read, in the time of the Senator, if I may, a part of a letter which I received this morning from an insurance executive in my State.

I presume there will go with the reading of this letter some feeling that I am concerned with insurance executives or with insurance companies. That is in part true. I am naturally concerned in the protection of an important industry of my State and of the country; but I am especially concerned with the thousands and thousands and thousands of workers engaged by the insurance companies, and the thousands of insurance agents over the land, and with the danger of a precedent which may take us as deeply into competition with private enterprise.

I apologize to the Senator from Wyoming for taking so much of his time, and I will read just three paragraphs from the letter and conclude for now.

Mr. O'MAHONEY. The Senator is always very lucid and very helpful. I am glad to have him interrupt me.

Mr. MALONEY. This will help him in the statement he just made. I quote:

It is my understanding that the Department of Agriculture during previous seasons has been advancing loans to the farmers on their corn and in support of such loans has been requiring and receiving at the hands of the farmers insurance policies to indemnify the Government in the event of loss through fire and windstorm. I am now told that the Department of Agriculture is preparing to have the Government of the United States insure this corn itself and for the insurance proposes to collect a premium from the farmers. I am further informed that the rules and regulations covering the matter are in the process of being printed and early distribution is planned.

Let me say in parentheses that no one here knows much about that yet. This is the development of a theory in Washington which takes us into a new field of competition. I continue the reading of this letter:

The purpose of this letter is not only to bring this to your attention but to respectfully request that you have an investigation made at the earliest possible time to ascertain if the information which has been given me is correct, and if so and it is consistent with your views to register objection to such a procedure on the part of the Government. There are ample facilities at the disposal of the Government through regularly constituted insurance carriers and I cannot believe it is in the interest of the people of this country for those carriers and their agents to be deprived of this legitimate business, nor to have the Government in competition with them for it.

This request is made of you purely in the interest of the American way of doing business and does not grow out of any selfish interest because my company has not in the past, nor does it expect in the future to participate in this business or to enjoy any of the benefits which might accrue from the premiums produced by it.

That is the end of the letter. I would like to say that the last sentence explains my interest. I am not concerned too much with the Government writing fire insurance on corn. But it is a dangerous step. I am concerned with still another step of Government competition with private business, and I am glad it is so able a Senator as the Senator from Wyoming, for whom we all have so much respect, who is making the argument now.

Of course the Senator from Nebraska is conscientious and especially able and well informed, and has pursued a policy which has meant much to the American people. I have not helped him much, but I have been in company. I am not opposed to the nationalization of power. I am concerned at a possible confiscation of power properties. If there is to be a nationalization of power, I want it done in the orderly way. I think nationalization of power is inevitable in this country. I think the only question is how long before it will come. But I insist we must protect the people who own stock in utility companies, hundreds of thousands of them, the people who have jobs; and by far most important of all, the preservation of the American system of competition.

I thank the Senator from Wyoming.

Mr. KING. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. KING. I desire to corroborate the information which the Senator has just brought to our attention. I heard several days ago of the matter brought out in the letter as to the insurance of corn, and I immediately called up an official in the Department of Agriculture, and he confirmed the statement that the Government was now about to insure the corn which it has in bins, stored throughout the United States, and to impose, as I recall, a 2-mill tax upon the farmers whose crops are being insured. In other words, the Government is going into the insurance of the corn which is in the bins, and, of course, will impose a tax upon those who own the corn. Whether it will be adequate to meet the losses I am unable to state, but it is certain that the Department of Agriculture is going into the insurance business in a broad way. As was indicated a few days ago, it is insuring many crops.

Mr. BONE. Mr. President, the Senator from Wyoming is always so generous and good natured, and I am so fond of him personally, that I dislike to appear to take issue with him, and I hope that if I seem to be doing so he will display his usual forgiving disposition. But let me suggest to the Senator that if his amendment had been the law, the people of San Francisco would never have built the great bridge over San Francisco Bay. It is my recollection, and the Senator from California [Mr. JOHNSON] will correct me if I am in error, that the people there got a \$60,000,000 loan.

Mr. O'MAHONEY. Mr. President, if I may interrupt the Senator, I desire to finish this discussion and allow the Senate to complete consideration of the amendment and recess. The Senator is not talking to the point. It is not his fault; it is mine, because I have not yet been able to develop the point. Permit me to explain the reason why I believe that though this amendment should prevent the expenditure of a single penny of the \$350,000,000 for public works, for municipal utilities, it would be well worth being prohibited if we obtain in exchange a declaration that we do not intend to undermine free, private enterprise. I will explain it to the Senator now.

First, let me continue with the clarification of the position of the President of the United States. In the letter which he addressed to the junior Senator from South Carolina just before this bill was sent to the Committee on Banking and Currency the President of the United States said:

I have caused estimates to be made of the extent of the field for investment of funds in revenue-earning channels on a self-liquidating basis and in no way competitive with private enterprise.

In other words, the President sent this communication with the purpose of making an opportunity for the investment of private funds in enterprises not destructive of private business.

Mr. BONE. How could it be self-liquidating if there is no investment possible? Where would a return come from?

Mr. O'MAHONEY. The Senator misunderstands me. The President sent this bill to us in order to promote private enterprise, and to secure the investment of private funds in the bonds to be issued to finance the projects.

#### PRESERVATION OF PRIVATE ENTERPRISE

Not only did the President of the United States in the conference with the majority leader a year ago enunciate this purpose, not only did he pledge himself to this policy in the letter to the junior Senator from South Carolina this year, but he made himself amply clear in the message which he sent to Congress in April 1938, as the result of which the Temporary National Economic Committee was set up.

Every Member of Congress and every citizen of the country ought to be thoroughly familiar with the announced purposes of the study as outlined by the President in his message. Let me read the eloquent conclusion of his message of April 29, 1938:

No man of good faith will misinterpret these proposals. They derive from the oldest American traditions. Concentration of economic power in the few and the resulting unemployment of labor and capital are inescapable problems for a modern "private enterprise" democracy. I do not believe that we are so lacking in stability that we will lose faith in our own way of living just

because we seek to find out how to make that way of living work more effectively.

This program should appeal to the honest common sense of every independent businessman interested primarily in running his own business at a profit rather than in controlling the business of other men.

It is not intended as the beginning of any ill-considered trust-busting activity which lacks proper consideration for economic results.

Observe this language of the President of the United States:

It is a program to preserve private enterprise for profit by keeping it free enough to be able to utilize all our resources of capital and labor at a profit.

With that declaration of the President of the United States I am in complete accord, and I believe that all the people of the United States agree with the statement. But the feeling has gone abroad in the country that there is a purpose in the minds of some to undermine that principle. I seek the adoption of this amendment in order that it may be made perfectly clear to the entire country that Congress, under the President, is seeking to inspire and invigorate free private enterprise, and in order that that may be made clear I shall ask Senators to be good enough to bear with me while I point to the chart which I have placed upon the wall.

#### PRESIDENT'S LETTER TO T. N. E. C. CHAIRMAN

Let me say, first, that only a few weeks ago the President of the United States sent a letter to the chairman of the Temporary National Economic Committee in which he asked the question why the investment of private funds lags in the United States. He sent to the chairman of the committee a letter which was intended to request that committee to develop an answer to the question why the banks are bulging with money and why there is no opportunity for private investment.

Mr. President, the answer is clear. It is made clear on this chart. It has been made clear by what has been said on this floor.

The upper line on the chart represents the total income payments in the United States, the national income—not the income of the Government but the income of all the people in the United States, the income which is important.

#### THE INCOME OF THE PEOPLE

The Government of the United States was established for the purpose of promoting the welfare of the men and women who constitute the citizenship of America. Of what use is it to us to pour out billions of dollars of Government funds through deficit spending if the rank and file of the people of the United States do not have incomes which they themselves can earn by their own efforts?

The figures upon the side of the chart represent billions of dollars—10, 20, 30, 40, 50, 60, 70, 80. Eighty billion dollars was the national income in 1929. In 1919 the national income was only about \$59,000,000,000. It will be observed how it went up to almost \$70,000,000,000 in 1920. Then came the depression of 1921, the Harding deflation, under President Harding, the "courageous" deflation, that stout-hearted action under that administration, which deflated so many farmers in the West. And down went the national income to a point far below that of 1919. And then it began gradually to climb again through the Coolidge and Hoover administrations of "prosperity" until in 1929, before the crash, it had reached the peak of \$80,000,000,000.

Then came the crash, and the national income tobogganed.

This line [indicating], showing that it dropped from \$80,000,000,000 in 1929 to \$49,000,000,000 in 1933, the smallest national income since before 1919, tells the story of men out of work, of families in distress, of starvation and disaster for men, women, and children. It is the story of the effort of the Government through W. P. A. expenditures and other pouring out of Treasury millions to save people from starvation. This line, the climbing line [indicating], shows that Government spending did have a good result. The national income began to rise in 1933, until in 1936 it had come to about \$65,000,000,000 or \$67,000,000,000. The chart does not show the slump of 1937, but the important thing that I want to call to the attention of the Members of the Senate is that



the income on which prosperity depends is the income of the people, represented by this upper line.

#### ESSENTIAL INEFFECTICACY OF GOVERNMENT SPENDING

Let me now ask Senators to look at the lower line, which represents the Government payments. There has not been a single year in all the story of public spending in which the Government has expended in any one year more than \$12,000,000,000. Government spending back in 1919 was about \$5,000,000,000 a year. Expenditures went along on a rather level line until 1933, when they slowly began to rise, and in 1935 and 1936, for the first time they rose above \$10,000,000,000 a year—\$11,000,000,000 a year.

What has been the result of that expenditure? It brought about a temporary uprise, followed by another decline in 1937; but year by year these expenditures have added to the deficit, until today we have a governmental national deficit of over \$40,000,000,000. Is it any wonder that I say to the Congress of the United States that the one important thing before all the people of the country is to promote free private enterprise?

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. TYDINGS. The Senator's address is very interesting. He made the remark that after the Government started to spend more than it normally did the income of the people rose. I think the inference might be drawn from that remark that the income of all the people increased solely because of Government spending. I do not think the Senator, perhaps, meant to leave any such inference as that.

Mr. O'MAHONEY. I would not say that it was solely because of public spending. I think more important than the public spending was the confidence that existed throughout the country at the beginning of this administration, the confidence that the administration was devoted to the promotion of free private enterprise. That confidence has gradually dwindled away by reason of suggestions of the character which came to the Senate when this bill was first introduced.

Mr. TYDINGS. I thank the Senator. My conclusions are very much the same as his.

Mr. O'MAHONEY. Mr. President, I want to point out that the Temporary National Economic Committee as a committee has never answered the letter which the President sent to its chairman, because the committee has not as yet completed its study, and it was impossible for the committee to answer that inquiry in an orderly, intelligent, and constructive way after considering all points of view, as the question should be answered. But there were some elements of the testimony before that committee which I think are worthy of mention before the Senate.

#### TESTIMONY BEFORE TEMPORARY NATIONAL ECONOMIC COMMITTEE

I have here another chart which was presented to the committee. This chart was presented to show the composition of income-producing expenditures that offset savings. It was part of the "famous" study on investment. It will be observed that the first column represents 1925, the second column represents 1929, and the last column represents 1937.

In 1929, for example, 12.2 percent of the entire national income-producing expenditures was made in changes of inventory as compared with 8.9 percent in 1929, and with 27.7 percent in 1937. That is what the economists talked to the committee about as expenditures for "consumer goods."

Here we find that in 1929, 19.4 percent of the total was devoted to housing and nonprofit institutions, as compared with 32.9 percent in 1925, and only 11 percent in 1937.

Here is a most important item in the constitution of these expenditures—"Other plant and equipment." These are the capital goods expenditures which Professor Hansen, economist from Harvard, said constituted the "high powered" money—the money that produces and reproduces new expenditure. In 1929 that amounted to 21.6 percent of the total national income-producing expenditures, as compared with 18.4 percent in 1925, and with 19.3 percent in 1937.

Senators will see how manufacturing in 1937 had only a 20 percent of the total; it had a 19.8 in 1929 and 15.4 percent in 1925.

#### THE IMPORTANT FIGURE—GOVERNMENT EXPENDITURE

But now I come to the important figure, the amount of Government expenditure. In 1925 it constituted 3.1 percent of the total. This Government expenditure is computed, for the purposes of this chart, by taking from the total outlay the amount that is canceled by taxation, and the balance makes the contribution to income-producing expenditure.

In 1929 that percentage had increased only eight-tenths of 1 percent. In 1937, in the midst of all of the spending, it constituted only 5.3 percent of the total.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. LODGE. Does the Senator include State and local government expenditures?

Mr. O'MAHONEY. It includes all government expenditures, local, State, and Federal.

Mr. LODGE. All government expenditures?

Mr. O'MAHONEY. Yes.

Mr. TAFT. All government deficits, that is, so to speak.

Mr. O'MAHONEY. Well, it is not exactly that, because it is more than the deficits. It is a computation of what is not canceled by taxes. Of course, there may be some income aside from taxes.

Mr. TAFT. On the whole the local governments have decreased their debt rather than increased it.

Mr. O'MAHONEY. I could show the Senator another chart which would indicate that there has been simply a shift of the debt from the local governments to the National Government.

#### THE BUSINESS OF THE PEOPLE

The point I wish to emphasize, however, before this body, which is clearly shown by the charts, is that the Government contribution is only a drop in the bucket. What we must stimulate is the free public enterprise that goes into housing, that goes into plants and equipment, that goes into mining and manufacturing, that goes into the purchase of goods for distribution, that goes into the retail business of the United States, the business of the people of the United States.

Let me say to the Senate, when Dr. Hanson and Dr. Currie, then of the Federal Reserve Board, were before the committee presenting and discussing this chart, and it was explained to the committee that this contribution to the income-producing expenditures of Government represented the difference between taxes and expenditures, I asked the two gentlemen if the contribution of the Government could not be made just as effective by reducing the taxes as by increasing the expenditure, and the answer was "yes."

Mr. President, I think there is nothing more that need now be said. That is the whole story. The announced purpose of this whole administration has been to stimulate free private enterprise. I am happy to be able to say that I see in the bill before the Senate now an instrumentality for accomplishing that purpose. But if it is to accomplish the purpose, it must be made crystal clear to all the people of the United States that it is not the intention of any responsible person in Government—whatever irresponsible people may propose or plan—to undermine the democratic American system of a free private economy.

The loans permitted in this bill for rural electrification would promote that purpose, because when the electric power gets out to the farm it will create a demand for the products of the mill and the factory. They will create a new demand for radios and for all manner of electrical equipment. There can be no question about that.

When the loans go out to the promotion of reclamation in the West, again there will be a tendency to promote free private enterprise. When the loans go out from the Farm Security Administration to farmers living on the land, there also will be found a stimulation of free private enterprise.

The virtue of the bill, as I see it, is that it apparently represents the termination of the attempt to solve the economic problem by W. P. A. expenditures, offering miserable pittance of \$26 to \$54 or \$90 a month for highly skilled workers to the unemployed masses of the people of America. There is no solution that way. The solution of the problem is in the stimulation of free private enterprise.

So, Mr. President, I say to the Senate, stop all this quibbling about what is going to happen with a \$350,000,000 loan fund, stop all quibbling about the right of some municipality to obtain a loan to build a utility in competition with an existing utility. The fight against abuses by corporate power has been practically won. I believe it has been completely won. I believe that one of the great reasons why the fight has been won is because Senators like the distinguished and able Senator from Nebraska [Mr. NORRIS] have been willing to stand upon the floor of this body and out on the stump to wage a fight for free private enterprise.

Free private enterprise is endangered not only by monopoly. It is also endangered by Government. My experience during the past 12 months with the Temporary National Economic Committee has convinced me that 90 percent of all the businessmen in the United States want only the opportunity to go forward. I say, Mr. President, give them the signal by adopting this amendment.

Mr. DANAHER. Mr. President, there can be little question that those of us who have been in the Chamber during the past half hour have heard from the Senator from Wyoming one of the most challenging speeches delivered in the Senate during the present session. There can be little question that no other Member of this body could have made that speech.

By the same token, in its overwhelming proportions the speech of the Senator from Wyoming applied directly, forcefully, and positively in support of the substitute amendment which I am offering, and which in its essence I caused to be stated by the clerk earlier in the day. In a few moments I shall ask that the substitute which I hold in my hand be read.

However, before doing so, let me advert to the actual language of the amendment of the Senator from Wyoming. Let me call attention to what the situation actually is, independently of the speech he has made. Let me call attention to the fact that from lines 1 to 6, inclusive, of the amendment offered by the Senator from Wyoming it is provided:

*Provided*, That in order that the competitive system of private enterprise for profit shall be maintained and encouraged—

The Senator has told us that those words were taken from the message of the President himself—

loans under this subsection shall be so administered as not to promote any undertaking in a field now adequately supplied by existing competitive private enterprise—

Let us stop right there. That language in and of itself constitutes a proposed limitation. Who is to decide whether or not an existing competitive private enterprise is adequately supplying the field? Who is to make the decision as to whether or not it is a competitive private enterprise?

Mr. President, that is where the challenge lies in the amendment offered by the Senator from Wyoming. Under the amendment offered by the Senator from Wyoming the determination is to rest with the Commissioner of Public Works, who I understand is Mr. Carmody, who appeared before the Committee on Banking and Currency. He is the one who is to decide; and, consequently, if the amendment be adopted, we shall transfer from the possibility of having a judicial determination of whether there is or is not a justifiable loan to a decision by a bureaucrat downtown. That is where the vice in the amendment lies.

I invite the attention of the Senator from Nebraska [Mr. NORRIS] to that provision. He will run into difficulty with it; and if he is looking for interminable litigation he will not have to worry about it under the amendment of the Senator from Wyoming, for the question will be decided by the gentleman downtown.

Let us go on with the other language of the amendment. It is drawn in the alternative. It provides that there shall be no loans under this subsection—

to promote any undertaking in a field now adequately supplied by existing competitive private enterprise or by existing noncompetitive private enterprise at reasonable rates or prices—

Who is to decide that question? Who is to decide whether or not rates are reasonable? Who is to decide whether or not prices are reasonable? Again, that decision will rest with the Commissioner of Public Works, Mr. Carmody.

The vice of the amendment is exactly this: While it purports to be in line with the maintenance of a system of free public enterprise, and while it may, in the approach which the Senator from Wyoming gives to it in his speech, ultimately have that effect, the fact of the matter is that it is the opening wedge for the use of public funds by way of loans under this section to break monopoly. That is the purpose of it. That is the purport of it. Let us recognize it for what it is.

Mr. President, I shall not ask the Senate to decide whether that particular result should or should not be attained by legislation in due course. I say to the Senate, as was argued with reference to the amendment offered by the Senator from Delaware [Mr. TOWNSEND], that the matter was never before our committee. The Committee on Banking and Currency never had an opportunity to decide on the merits or lack of merits of any such proposal. We did not have the facts, the figures, and the circumstances. All those data are being collected by the committee of which the Senator from Wyoming is the distinguished chairman. He has not even yet been able to complete his hearings. They are in process. We have progress reports which may or may not in due course be adequate to sustain and justify the legislative pronouncement he now seeks to write into this legislation; but if there be justification for the bill at all, it certainly is not to be found in the adoption of the amendment offered by the Senator from Wyoming and what is sought to be done under it.

Mr. President, I have prepared a substitute, which I now send to the desk and ask to have stated.

The PRESIDENT pro tempore. The amendment offered by the Senator from Connecticut to the modified amendment of the Senator from Wyoming will be stated.

The LEGISLATIVE CLERK. On page 1, line 2, of the amendment offered by Mr. O'MAHONEY it is proposed to strike out all after the word "following" and to substitute the following:

No funds, whether loans or expenditures, shall be made available under section 4, subsection (2), to any Federal, State, or local public body, or to any person or corporation, for use by any such agency or corporation to purchase, establish, construct, relocate, or expand any mill, factory, plant, or commercial enterprise which is or will be as a result of such loan or expenditure in competition with any existing industry or commercial enterprise, provided the limitation herein shall not apply to any such loan or expenditure for a public hospital, college, or university.

Mr. DANAHER. Mr. President, my amendment is, in line 2 of the amendment offered by the Senator from Wyoming, after the word "following", that the language beginning with the word "Provided" be stricken out throughout the rest of the amendment and that in lieu thereof there be substituted the amendment which I have sent to the desk, the adoption of which I now move.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. O'MAHONEY. I think the Senator is just painting the lily. I hope he will withdraw the suggestion.

Mr. DANAHER. I beg the Senator's pardon?

Mr. O'MAHONEY. The Senator is merely painting the lily. He might just as well withdraw the suggestion. I hope he will.

Mr. DANAHER. I thank the Senator for his courteous words; but I have no intention of withdrawing the proposed amendment.

Mr. President, I recognize that the purport and intentment of the amendment offered by the Senator from Wyoming, as its language states and as it implies on its face, would do what he hopes it would do. For that reason I believe it should be rejected, and that the substitute should be approved by this body.

If we honestly, sincerely, and actually do not wish to compete with private enterprise, we should stop such competition.



If we honestly, sincerely, and actually do not wish that Federal funds be used for the transportation of mills from one location to another, or for the development of competitive industry, all we have to do is to say so. I submit that the substitute amendment which I have offered accomplishes that end.

Mr. President, if a municipality wishes, as the Senator from Washington implied, to create its own power plant, there is no reason in the world why it should not do so. I agree with him that it has the power, and that it may vote to do so. All I say is that if there be an existing private industry somewhere, Federal funds should not be used in competition with that private industry.

Because I am insistent on that doctrine, I differ materially in that particular from the approach of the Senator from Washington [Mr. BONE], who would under this bill grant Federal funds, or at least lend them for such purpose; and on that point I differ with the Senator from Washington.

However, happily that is not the issue before us. The issue before us is not even the amendment submitted by the Senator from Wyoming. The issue before us is, Do we honestly, actually, and earnestly want to stop the use of Government funds—100-percent loans, if you choose—and to prohibit governmental agencies under P. W. A. from competing with private industry? If we do, Mr. President, and if that be the sense of the Senate, then the amendment which I have sent to the desk will do just that.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. WAGNER. I should like to propound to the Senator the same question which I propounded earlier in the day to the Senator from Wyoming [Mr. O'MAHONEY]. I take it that under this provision, if it should be enacted into law, some bridges would be constructed. I understand there is quite a demand for the construction of new bridges. Some of them, of course, would compete with the present facilities, such as ferries. Under the terms of the amendment proposed by the Senator, would it be essential for the municipality, or whatever public body decides to build the bridge, to consider the different facilities for crossing the stream? Would the municipality be required to purchase the ferries in order to build the bridge? Or does the Senator interpret his amendment as not coming within the purview of a situation of that kind?

Mr. DANAHER. Answering the Senator specifically, of course, he well knows that we discussed this whole matter. It was very thoroughly canvassed in the committee; and I say, of course, a bridge does not compete with a ferry. I do not believe any municipality would have to buy the ferry or anything else; of course not. I say that a loan for such a purpose is perfectly legitimate and could be undertaken.

That is my answer to the Senator.

Mr. WAGNER. The Senator's answer is that he does not regard that as providing competition for an existing private enterprise, as stated in his amendment?

Mr. DANAHER. That is correct.

Mr. WAGNER. Of course, there is this to be said, however: When a bridge is built it certainly will take customers away from a ferry. A bridge provides a more expeditious and perhaps a more comfortable means of transportation across the water, so that it will seriously affect the business of a ferry that is in operation.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. DANAHER. I yield to the Senator from Maryland.

Mr. TYDINGS. As I understand, if the Government were to lend money to build a competing ferry line, that is the kind of thing the Senator's amendment would prohibit.

Mr. DANAHER. Precisely.

Mr. TYDINGS. But when the Government builds a bridge, it does not operate a private business. When the Government builds a ferry line, it does operate a private business. When the Government operates a municipal power plant, it

does operate a private business; but there is no operation of a private business in operating a bridge, per se.

Mr. WAGNER. Perhaps that may be a technically correct statement; but the Senator knows the result has always been that when a bridge provides transportation that a ferry formerly provided the bridge service is so superior that the ferry goes out of business. That has happened time and time again; so there is that type of competition.

I simply wanted to clear up the matter, so that the question could not be raised afterward if an amendment of this kind is included in the pending bill.

Mr. DANAHER. Mr. President, briefly by way of reply to the Senator from New York, let me observe that although there are bridges over the Hudson River in New York, and although there are Holland tubes and Lincoln tubes and other types of tubes, taking transportation facilities, if you like, away from the ferries in one sense or another, the ferries definitely run. The ferries run day in and day out. They are crowded. They do a splendid business, and I am glad of it.

Mr. WAGNER. The business has been reduced, however; and on the East River the result has been just the opposite. The ferry finally had to stop operating, because its customers were taken away. I am quite willing, however, to accept the interpretation made here, that that is not the kind of competition which is proposed to be affected by this amendment.

Mr. DANAHER. I thank the Senator from New York.

Mr. TYDINGS. Mr. President—

Mr. DANAHER. I yield to the Senator from Maryland.

Mr. TYDINGS. I should like to say to the Senator from New York, as one Senator who is supporting the amendment of the Senator from Connecticut—and, if that amendment does not prevail, certainly the amendment of the Senator from Wyoming, because they are both directed to the same end—that it is my understanding, for whatever it is worth, that a bridge would in no sense of the word be precluded under the amendment of the Senator from Connecticut.

Mr. KING. Mr. President—

Mr. DANAHER. I yield to the Senator from Utah.

Mr. KING. The Senator from Connecticut is a member of the committee reporting the bill, as I understand.

Mr. DANAHER. That is correct.

Mr. KING. I desire to ask the Senator if a single person in private life or in business life appeared before the committee and supported this provision in the bill, with the exception of Mr. Pelley, who is connected with the railroads.

My understanding is that the only persons who appeared were Government officials, who would have high positions or important positions if the bill should go into effect, in the administration of the bill and the expenditure of the funds therein provided. I ask again, were any private persons invited to testify, or did any private persons testify, in behalf of the provisions of the bill?

Mr. DANAHER. In answer to the Senator from Utah, permit me to say that all but one of those who testified in support of the bill upon which hearings were held were officials of the Government. The single exception was Mr. Pelley, who, as I understand, is president of the American Association of Railroads. Does that answer the Senator's question?

Mr. KING. I think so. So that officials of the executive department who were holding jobs, getting high salaries, and expecting to retain those positions and perhaps have their emoluments increased, or at least get higher salaries, were the ones who were pushing this bill, and they were the ones who furnished the testimony upon which the bill is predicated. Is that correct?

Mr. DANAHER. Mr. President, I assume that the conclusion reached by the Senator from Utah is true in part. I imagine that others than those who appeared are pushing the bill. In fact, I rather suspect that others who did not appear actually pushed the bill.

Mr. WAGNER. Mr. President—

Mr. DANAHER. I yield to the Senator from New York.

Mr. WAGNER. I want to explain that there was not a single request to be heard from any person in opposition to the bill. The only individual outside of an official who asked to be heard—and the officials did not ask to be heard; they were requested to appear—was Mr. Pelley, representing the railroads; and he did appear as a witness. I know of no other request that came before the committee from any private individual who desired to be heard.

Mr. ADAMS and Mr. NORRIS addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Connecticut yield, and, if so, to whom?

Mr. DANAHER. I yield first to the Senator from Colorado.

Mr. ADAMS. Mr. President, it occurs to me that there is a very adequate explanation of that fact; that the burden of proof was upon those who were advocating the bill, and I think it was quite essential that those who wanted the bill passed should make a case. I know, as to some parts of the bill, that some of us thought they failed to make the case, and it was not necessary for anybody to appear on the opposite side.

Mr. DANAHER. Then am I to understand the Senator from Colorado to imply that this matter was tried and heard by way of demurrer, let us say, as if there were just nothing to it anyway?

Mr. ADAMS. No; I will not say that. I think there is much to it.

Mr. TAFT. Mr. President, does the Senator also recall that on Friday afternoon, as soon as the last witness for the bill, Mr. Jones, had testified, the chairman urged that the committee immediately report the bill, and over strenuous objection we were allowed to adjourn until Saturday morning, at which time the committee did report the bill; so that if anybody who had read the hearings during the past few days had wished to appear, he would not have had time to request an opportunity to appear before the committee?

Mr. NORRIS and Mr. KING addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Connecticut yield, and, if so, to whom?

Mr. DANAHER. I yield first to the Senator from Nebraska.

Mr. NORRIS. Mr. President, I have what purports to be a copy of the Senator's amendment, as modified. The copy I have says "under this act" instead of "under this section."

Mr. DANAHER. Under section 4, subdivision (2). It is limited simply to the P. W. A. section, which is section 4, subsection (2).

Mr. NORRIS. The limitation is the same as in the amendment of the Senator from Wyoming?

Mr. DANAHER. That is correct.

Mr. NORRIS. Now I desire to ask the Senator a question. Suppose this amendment were adopted and became the law, and a bridge were in operation across, let us say, the Mississippi River; and suppose the city of St. Louis, we will say, decided that they wanted an additional bridge: Would their decision on the matter be sufficient? Would there be a question as to whether they ought to have another bridge there, which would come up before the administrator of the bill?

Mr. DANAHER. No, I will say in answer to the Senator; for the simple reason that another bridge could not possibly be considered in competition with any existing industry or commercial enterprise.

Mr. NORRIS. Would not a bridge be a commercial enterprise?

Mr. DANAHER. I do not consider that a bridge which is operated by any subdivision of a municipality is a commercial enterprise; no.

Mr. NORRIS. Of course, if that were the case, the city could build as many bridges as they decided to build.

Mr. DANAHER. I should say so; yes, sir.

Mr. NORRIS. Why does the Senator say, at the end of the amendment, that it shall not apply to a loan for a public hospital? Such a building might come into competition, might it not, with a privately owned hospital?

Mr. DANAHER. Let me say in answer to the Senator in that connection, that there were those of us on the committee who thought it did; but the majority felt that language such as this was more apropos; and because they did, irrespective of what my particular judgment may be, and without indicating it, I adopted that thought.

Mr. NORRIS. I desire to say to the Senator that in asking that question I do not want it to be understood that I object at all to that exception, if it may be called such; but it seems to me the principle involved in having the amendment not apply to a public hospital would also apply to anything else.

Mr. DANAHER. I think the Senator is not entirely correct in making so sweeping a statement. I think what we really had in mind was to make possible loans to eleemosynary institutions. Does that clarify the matter in the Senator's mind?

Mr. NORRIS. I am not asking these questions because I object to the suggestion. I am in favor of it. I think the Senator's statement is one in which I would entirely coincide.

Mr. DANAHER. I am sure the Senator will; and I am sure the amendment itself, upon examination, will commend itself equally to the Senator.

Mr. NORRIS. It seems to me, upon an examination of it, that I would prefer it to the amendment of the Senator from Wyoming [Mr. O'MAHONEY].

Mr. DANAHER. That has been my own feeling, if I may say so to the Senator.

If there be no other questions—

Mr. BARKLEY. Mr. President, I desire to occupy the floor for a few moments.

Mr. DANAHER. Then I will simply say, in conclusion, that I feel that if we want to stop competition with private industry, all we have to do is to say so, and we do not have to adopt the circumlocution that has provoked over 3 hours of debate here this afternoon to try to find out what may be the meaning of the language of the amendment submitted by the Senator from Wyoming.

I hope the Senate will adopt the substitute.

Mr. BARKLEY. Mr. President, I am in favor of a declaration in this bill pertaining to the activities of the Public Works Administration which will clarify what we propose to expend the money for.

A year ago, when we had under consideration the Public Works appropriation, the very same question arose; and in the conference at the White House referred to by the Senator from Wyoming the question came up as to whether there ought to be an amendment in the law, or whether the President could make clear his intention with respect to the expenditure of money so as to obviate the necessity of any amendment in the law itself. As a result of that understanding, I read into the Record the statement referred to by the Senator from Wyoming, in which it was explicitly stated that in the expenditure of that money under the P. W. A. no funds would be loaned to any municipality or other public body in order to establish a public utility where there was already an existing utility giving adequate service at reasonable rates, until the locality had given an opportunity to the owners of the private utility to sell to the community at a fair price; and that was to be determined by the Public Works Administrator. I think that is a fair principle.

There is no doubt that any Senator has a right to vote, if he wants to do so, to establish a new public utility in competition with an existing utility. Communities have a right to establish one if they desire, and have the power under their laws, where there is a utility that is giving adequate service at reasonable rates under public legal regulation. If they want to do that, that is their affair; but that is not quite the same thing as asking the Government of the United States to furnish the money with which they may do that without first giving to the private utility an opportunity to sell out to the town or city.

Mr. NORRIS rose.

Mr. BARKLEY. I will say that what I stated a year ago, and the position taken by the President, has been meticulously adhered to.



Mr. NORRIS. Mr. President, that is what I was going to ask. Is it not a fact that in all these operations that position has been adhered to?

Mr. BARKLEY. It has been adhered to, and it had been even before the President made his statement.

Mr. NORRIS. I think so. The objection, as I see it, to putting all this language into the law itself is that it lays a foundation for these companies to continue litigation indefinitely. They cannot complain of the treatment so far, because there has not been any case where the suggestion has not been adhered to.

Mr. BARKLEY. I think there is a good deal of force in the Senator's argument. The amendment offered by the Senator from Wyoming is a little bit circumlocutionary, if I may suggest a word in reference to the language it uses, because the word "promote" may be subject to legal definition which we may not anticipate. Nor do I like the substitute offered by the Senator from Connecticut.

Mr. HILL. Mr. President, before the Senator starts to comment on the substitute of the Senator from Connecticut, I should like to say that I think we are all in agreement as to a policy such as that declared by the President, and such as that the Senator from Wyoming has read to the Senate today. I wonder whether the Senator from Wyoming knows of any instance since that policy has been declared of a departure from it?

Mr. O'MAHONEY. It is quite immaterial whether or not there has been such an instance. The point is not whether there will be public-utility loans or no public-utility loans. The point is that we should end the condition which is consistently promoting the defeat of the principles for which we stand. Did Senators read the roll calls yesterday? Did they hear motion after motion sponsored by the Senator from Kentucky defeated? Why were they defeated? They were defeated because the feeling is growing in the country that we are not standing for free private enterprise. It is far more important to declare this principle in language which cannot be misunderstood than it is to quibble about a word or two in an amendment which declares a principle announced by the President.

Mr. HILL. Will the Senator yield further?

Mr. BARKLEY. I yield.

Mr. HILL. I wish to say that, so far as the declaration of policy is concerned, I join with the Senator from Wyoming.

Mr. O'MAHONEY. Yes; but the Senator does not want an amendment announcing the policy.

Mr. HILL. That is correct, because I know what this amendment would do. It would be opening up the door to defeat the very thing we are trying to do, to wit, to make these loans and take the resultant benefits to the people of the country.

Mr. O'MAHONEY. Mr. President, the Senator is quite wrong about that. As I have pointed out, there are only \$350,000,000 involved in the provision for public-works loans; so that it could not possibly wreck the program. Most of the money will be expended for other types of public works.

Mr. BARKLEY. I agree with those who think that it will probably be wise to have some declaration in this bill with respect to this subsection.

Mr. O'MAHONEY. Mr. President, the Senator agreed yesterday morning, to all intents and purposes, with the declaration contained in my amendment.

Mr. BARKLEY. I agreed to the principle of it, and I still do.

Mr. O'MAHONEY. Then, why talk about it now? Let us have it decided.

Mr. BARKLEY. I have not talked about it much, but it has been talked about all day. That is all we have talked about. It is the only amendment and the only part of the bill that has been under discussion all day. I wish to talk about the substitute which has been offered for the Senator's amendment, as well as his own amendment, because I have scribbled off something which I think will probably satisfy both Senators.

The substitute of the Senator from Connecticut creates more confusion than anybody could possibly imagine in con-

nection with the language of the amendment of the Senator from Wyoming. It starts out by saying, "Provided, That no funds, whether loans or expenditures." There is nothing in this subsection about loans. There is no provision in it for spending any money. The Federal Government is not going to expend a dollar. It is only lending money to public bodies for the purposes set out in the provision, and that might even be construed to mean that even if the cities under any circumstances had money of their own, they could not expend it in connection with any loan they might have had from the Public Works Administration. It is needless to have the word "expenditures" in the measure, because this is a loan proposition, and not an expenditure proposition.

Mr. WALSH. Mr. President, do not the constitutions and the statutes of the several States define very accurately when and under what conditions a municipality may purchase a plant and start in competition with utilities or manufacturing or private industry?

Mr. BARKLEY. Undoubtedly that is true.

Mr. WALSH. Then, how is making a loan to a municipality going to change any of those laws?

Mr. BARKLEY. It is not going to change any of those laws, but it can provide a means by which a community may carry out its powers by obtaining a loan from the Federal Government.

Mr. WALSH. Under local law?

Mr. BARKLEY. Under local law; yes. There is nothing we can do to change local law with respect to their power.

The substitute further provides that no such loan can be made "to any Federal, State, or local public body, or to any person or corporation."

There is not a single syllable in this subsection which would authorize a loan to any person or corporation. No one can borrow any money under this subsection except a city, town, State, or district that is a public body; so that the language prohibiting the lending of any money to persons or corporations has no proper place in the amendment, because it could not be done anyway, for any purpose, under the bill.

Mr. DANAHER. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. DANAHER. This morning I extended the Senator the courtesy of submitting to him a copy of the proposed amendment. At that time he had a carbon copy of the one which, has since been redrafted, and the word "person" is not in it. That will dispose of that, will it not?

Mr. BARKLEY. This copy is the one the Senator gave me, and he did not advise me he had changed it.

Mr. DANAHER. The Senator will recall that I asked that the clerk state the amendment, and I assumed that the Senator would change the amendment as the clerk read it, as the rest of us did.

Mr. BARKLEY. That was my fault, then, as nearly everything else is.

Mr. DANAHER. I do not agree to that.

Mr. BARKLEY. I do not think the exclusion of hospitals, colleges, or universities is a wise provision. I do not think we should specify what is excluded, because when we undertake to specify what is excluded, we may forget a hundred things which ought to be, but which we cannot think of at the time, and if the law were enacted in this form all that could possibly be excluded would be hospitals, colleges, and universities.

I do not know whether the draft I have written off is any better than the others, perhaps it is worse; but I have written off something which I think covers the situation.

On page 4, line 17—and I should like to have the attention of both the Senators to this—I propose to insert:

*Provided, That no loan shall be made under this subsection for the establishment or expansion of any existing factory, mill, or plant engaged in the production of goods, wares, or commodities for sale in trade or commerce, nor for the establishment of any public utility which would compete with an existing utility giving adequate service at reasonable rates, subject to legal regulation, unless the Public Works Commissioner, after public hearings, advises that an offer has been made in good faith to purchase such existing facilities at a fair price, and that such offer has not been accepted.*

It seems to me that is direct. It says what we mean.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. NORRIS. Of course, I have had no chance to examine the proposed amendment, but from the Senator's reading of the proposal, it seems to me it is unnecessary to include provision for a public hearing and all that. If the Senator provides that it shall be illegal and improper, stop at that.

Mr. BARKLEY. I understand that Secretary Ickes has adopted the plan of holding public hearings whenever these matters have come up. I raised the same objection to the language of the amendment of the Senator from Wyoming, but my attention was called to the fact that Secretary Ickes had really established the practice of holding public hearings, and I could see no objection to it.

Mr. NORRIS. I see no objection to a public hearing. It may be difficult to make my position understood, but there is in my mind a definite difference between putting that into the law, and laying a foundation for expensive, long-drawn-out litigation.

Mr. BARKLEY. I do not think the public hearing would be necessarily long drawn out.

Mr. NORRIS. Let him hold a public hearing if he desires.

Mr. BARKLEY. The city authorities and the owners of the public utility would come before the Commissioner, and, on one side, contend that an offer had been made to buy at a fair price, and, on the other, they could contend that the price was not fair; and the decision of the Commissioner would decide.

Mr. NORRIS. I think that if we had had any trouble along that line in the past with a public utility, if there had been any indication of any trouble of that kind, there would be some foundation for inserting such a provision, but there has not been.

Mr. BARKLEY. I think there is force to the suggestion, and I entertained the idea myself. I do not really think the provision is necessary. But we do not seem to be able to get together on language which should go into the bill. Many Senators do not think any such amendment should be added. Some think we should eliminate altogether any reference to public utilities, and others do not; so I was making an effort to frame language which would accomplish what we are all trying to do, language which would seem to be more direct and to the point, because it would contain no kind of preamble, somewhat after the fashion of the amendment of the Senator from Wyoming.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. BYRNES. I desire to ask the Senator a question. As I caught the reading of the amendment the Senator proposes, it provided that "no loan shall be made under this subsection for the establishment or expansion of any existing factory, mill, or plant."

I am wondering if the Senator's proposal is not open to the same criticism he has made of the proposal of the Senator from Connecticut, for in the bill there is nothing, so far as I know, which provides for a loan to any individual or corporation for the establishment of any mill or plant, but only to States and subdivisions of States.

Mr. BARKLEY. I agree that there is nothing which authorizes a loan to a city to establish a factory to make shoes, or anything else, but someone seems to fear that lurking in the bill somewhere is such authority to make loans which might be used to establish plants to compete with existing private industry, and I want to clear that up. I do not think there is anything here granting such power; but if anyone fears there is, we ought to clear it up.

Mr. BYRNES. I do not think anyone fears it except my good friend the Senator from Connecticut, who feared it in the committee, and still entertains that fear, apparently; but no other Member of the Senate does.

Mr. BARKLEY. As between the amendment of the Senator from Wyoming and the substitute offered by the Senator from Connecticut, I would favor the amendment of the Sen-

ator from Wyoming, because I do not think the language in the substitute is adequate. I do not think we can safely name two or three things we will exempt, because we know the legal maxim *inclusio unius est exclusio alterius*. For the reasons I have stated I hope the substitute will not be agreed to.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Connecticut [Mr. DANAHER] in the nature of a substitute for the amendment of the Senator from Wyoming [Mr. O'MAHONEY].

Mr. CLARK of Missouri. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll and the following Senators answered to their names:

Adams	Davis	La Follette	Russell
Andrews	Downey	Lodge	Schwartz
Austin	Ellender	Lucas	Schwellenbach
Bailey	George	Lundeen	Sheppard
Bankhead	Gerry	McCarran	Slattery
Barbour	Gillette	McKellar	Smith
Barkley	Green	Maloney	Stewart
Bilbo	Guffey	Mead	Taft
Bone	Gurney	Miller	Thomas, Utah
Bridges	Hale	Minton	Townsend
Bulow	Hatch	Murray	Truman
Burke	Hayden	Neely	Tydings
Byrd	Herring	Norris	Vandenberg
Byrnes	Hill	Nye	Van Nuys
Capper	Holman	O'Mahoney	Wagner
Chavez	Holt	Pepper	Walsh
Clark, Idaho	Hughes	Pittman	Wheeler
Clark, Mo.	Johnson, Colo.	Radcliffe	White
DanaHER	King	Reed	

The PRESIDENT pro tempore. Seventy-five Senators having answered to their names, a quorum is present.

The clerk will again state the pending amendment.

Mr. DANAHER. Mr. President, in conformity with the suggestion of the Senator from Kentucky, I have stricken out the words "or expenditure" where they occur.

The LEGISLATIVE CLERK. In lieu of the amendment offered by Mr. O'MAHONEY, as modified, Mr. DANAHER proposes the following as a substitute:

No funds or loans shall be made available under this subsection to any Federal, State, or local public body, or to any corporation, for use by any such agency or corporation to purchase, establish, construct, relocate, or expand any mill, factory, plant, or commercial enterprise which is or will be as a result of such loan in competition with any existing industry or commercial enterprise, provided the limitation herein shall not apply to any such loan for a public hospital, college, or university.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Connecticut [Mr. DANAHER] in the nature of a substitute for the amendment offered by the Senator from Wyoming, as modified.

Mr. DANAHER. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I transfer that pair to the junior Senator from Vermont [Mr. GIBSON], who, if present, would vote as I am about to vote. I vote "yea."

Mr. GREEN (when his name was called). I have a pair with the junior Senator from Wisconsin [Mr. WILEY]. I transfer that pair to the senior Senator from New Jersey [Mr. SMATHERS] and will vote. I vote "nay."

Mr. GUFFEY (when his name was called). I have a pair on this vote with the junior Senator from New Hampshire [Mr. TOBEY]. If present, the Senator from New Hampshire would vote "yea." If at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. MINTON. I announce that the Senator from Texas [Mr. CONNALLY] is absent because of illness.

The Senator from Arizona [Mr. ASHURST] and the Senator from North Carolina [Mr. REYNOLDS] are absent, due to illness in their families.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from New Jersey [Mr. SMATHERS], the Senator from Oklahoma [Mr. LEE], and the Senator from Mississippi [Mr. HARRISON] are detained on important public business.



The Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Arkansas [Mr. MILLER], the Senator from Kentucky [Mr. LOGAN], the Senator from West Virginia [Mr. NEELY], the Senator from Louisiana [Mr. OVERTON], and the Senator from Oklahoma [Mr. THOMAS] are unavoidably detained.

The Senator from Minnesota [Mr. LUNDEEN], the Senator from Utah [Mr. KING], the Senator from Arizona [Mr. HAYDEN], and the Senator from Florida [Mr. PEPPER] are detained on official business. I am advised that if present and voting, the Senator from Utah would vote "yea."

Mr. AUSTIN. I desire to announce the following general pairs:

The Senator from Oregon [Mr. McNARY] with the Senator from Mississippi [Mr. HARRISON]; the Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Virginia [Mr. GLASS]; the Senator from California [Mr. JOHNSON] with the Senator from West Virginia [Mr. NEELY]; the Senator from North Dakota [Mr. FRAZIER] with the Senator from Arkansas [Mr. MILLER]; and the Senator from North Dakota [Mr. NYE] with the Senator from Oklahoma [Mr. LEE].

The result was announced—yeas 24, nays 44, as follows:

## YEAS—24

Austin	Danaher	Holt	Taft
Bailey	Davis	Lodge	Townsend
Barbour	Gerry	Maloney	Tydings
Bridges	Gurney	Norris	Vandenberg
Byrd	Hale	Radcliffe	Walsh
Capper	Holman	Reed	White

## NAYS—44

Adams	Clark, Idaho	Johnson, Colo.	Schwartz
Andrews	Clark, Mo.	La Follette	Schwellenbach
Bankhead	Downey	Lucas	Sheppard
Barkley	Ellender	McCarran	Slattery
Bilbo	George	McKellar	Smith
Bone	Gillette	Mead	Stewart
Brown	Green	Minton	Thomas, Utah
Bulow	Hatch	Murray	Truman
Burke	Herring	O'Mahoney	Van Nuys
Byrnes	Hill	Pittman	Wagner
Chavez	Hughes	Russell	Wheeler

## NOT VOTING—23

Ashurst	Glass	Logan	Pepper
Borah	Guffey	Lundeen	Reynolds
Caraway	Harrison	McNary	Shipstead
Connally	Hayden	Miller	Smathers
Donahey	Johnson, Calif.	Neely	Thomas, Okla.
Frazier	King	Nye	Tobey
Gibson	Lee	Overtton	Wiley

So Mr. DANAHER's amendment in the nature of a substitute for Mr. O'MAHONEY's amendment, as modified, was rejected.

The PRESIDENT pro tempore. The question recurs on the amendment of the Senator from Wyoming [Mr. O'MAHONEY] as modified.

Mr. O'MAHONEY. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. GREEN (when his name was called). I have a pair with the junior Senator from Wisconsin [Mr. WILEY]. That pair has been transferred to the senior Senator from New Jersey [Mr. SMATHERS]. I vote "nay."

The roll call was concluded.

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withhold my vote. If at liberty to vote I should vote "yea."

Mr. GUFFEY. On this question I have a pair with the Senator from New Hampshire [Mr. TOBEY], and therefore withhold my vote.

Mr. MINTON. I announce that the Senator from Texas [Mr. CONNALLY] is absent because of illness.

The Senators from Arizona and North Carolina [Mr. ASHURST and Mr. REYNOLDS] are absent due to illness in their families.

The Senator from Arkansas [Mrs. CARAWAY], the Senator from New Jersey [Mr. SMATHERS], the Senator from Oklahoma [Mr. LEE], and the Senator from Mississippi [Mr. HARRISON] are detained on important public business.

The Senator from Ohio [Mr. DONAHEY], the Senator from Virginia [Mr. GLASS], the Senator from Arkansas [Mr.

MILLER], the Senator from Kentucky [Mr. LOGAN], the Senator from West Virginia [Mr. NEELY], the Senator from Louisiana [Mr. OVERTON], and the Senator from Oklahoma [Mr. THOMAS] are unavoidably detained.

The Senator from Utah [Mr. KING] is detained on official business. I am informed that if present and voting, the Senator from Utah would vote "yea."

Mr. AUSTIN. I announce the following pairs: The Senator from Oregon [Mr. McNARY] with the Senator from Mississippi [Mr. HARRISON]; the Senator from North Dakota [Mr. FRAZIER] with the Senator from Arkansas [Mr. MILLER]; the Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Virginia [Mr. GLASS]; the Senator from California [Mr. JOHNSON] with the Senator from West Virginia [Mr. NEELY]; and the Senator from North Dakota [Mr. NYE] with the Senator from Oklahoma [Mr. LEE].

If present, the Senator from California [Mr. JOHNSON] would vote "yea"; the Senator from West Virginia [Mr. NEELY] would vote "nay"; the Senator from Minnesota [Mr. SHIPSTEAD] would vote "yea"; and the Senator from North Dakota [Mr. FRAZIER] would vote "nay."

The result was announced—yeas 46, nays 24, as follows:

## YEAS—46

Adams	Capper	Holt	Slattery
Andrews	Chavez	Hughes	Smith
Bailey	Clark, Idaho	Johnson, Colo.	Taft
Bankhead	Clark, Mo.	Lucas	Townsend
Barbour	Downey	McCarran	Tydings
Barkley	George	Maloney	Vandenberg
Bridges	Gerry	Murray	Van Nuys
Brown	Gillette	O'Mahoney	Wagner
Bulow	Hale	Pittman	Walsh
Burke	Hatch	Radcliffe	White
Byrd	Herring	Reed	
Byrnes	Holman	Schwartz	

## NAYS—24

Austin	Gurney	McKellar	Schwellenbach
Bilbo	Hayden	Mead	Sheppard
Bone	Hill	Minton	Stewart
Danaher	La Follette	Norris	Thomas, Utah
Ellender	Lodge	Pepper	Truman
Green	Lundeen	Russell	Wheeler

## NOT VOTING—26

Ashurst	Gibson	Logan	Shipstead
Borah	Glass	McNary	Smathers
Caraway	Guffey	Miller	Thomas, Okla.
Connally	Harrison	Neely	Tobey
Davis	Johnson, Calif.	Nye	Wiley
Donahey	King	Overtton	
Frazier	Lee	Reynolds	

So Mr. O'MAHONEY's amendment, as modified, was agreed to. Mr. TYDINGS obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. TYDINGS. I yield to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, from day to day I think practically all Senators have hoped that we might dispose of the pending measure before we adjourned on each particular day. That was true yesterday. It has been true today. We have made practically no progress, having adopted one amendment after 8 hours of deliberation.

Mr. President, there seems to be some sort of undercurrent, which I cannot locate or describe, which is causing the consideration of the bill to drift. I am wondering if we have not gone far enough to reach an agreement. Anyway, I shall try.

I ask unanimous consent, assuming that we shall recess until Monday, that beginning with the consideration of the bill on Monday next no Senator shall speak more than once or longer than 15 minutes on the bill, or more than once or longer than 15 minutes on any amendment; and that at an hour not later than 5 o'clock p. m. the Senate shall proceed to vote on the bill and all amendments thereto.

Mr. AUSTIN. Mr. President, I ask the Senator to consider for a moment a suggestion for an amendment to the unanimous-consent request in the following respects:

First, that in respect of the amendments proposed, we exclude from the limitation any amendment affecting the highway provisions of the bill which have been stricken out.

Second, that a limitation be not placed upon the time of voting, but only upon the duration of time of debate by any Senator upon the bill or upon any amendment.

Mr. BARKLEY. Mr. President, I do not see why any possible highway amendment should be put on a pedestal and exempted from the rule applying to other amendments. So far as I am concerned, and so far as I know, no highway amendment will be offered. I have reiterated that statement over and over again. I suppose nothing would be lost by agreeing to exempt one if some Senator should offer it. Inasmuch as I have heretofore included the exemption, I have no objection to doing so now. However, in view of the length of time the bill has occupied, there should be a time fixed to vote on Monday.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. CLARK of Missouri. I am perfectly willing to agree to a limitation of debate. I think the debate has been very extensive. For nearly a week we have been in session from 11 o'clock in the morning until 11 o'clock or later at night. The bill certainly has been discussed in full detail, largely by the Senator from Kentucky himself.

Mr. BARKLEY. I should not say quite that. I did take some time at first.

Mr. CLARK of Missouri. I am not objecting to the Senator from Kentucky taking as much time as he pleases, but I do object to the idea of fixing a time to vote on a bill of this very diffuse nature. In view of the varied form which amendments to the bill have taken I do not think we ought to tie our hands and possibly create such a situation that amendments of very great import might be offered at the very last moment before 5 o'clock, and be pending at the hour of 5 o'clock, without any opportunity to debate them.

So far as I am concerned, I am just as anxious as is the Senator from Kentucky to dispose of the bill. I am sure every other Senator is anxious to bring about disposition of this matter at the earliest practicable moment. I have not taken any time in the debate; but I do not think the Senate ought to be put in the situation of possibly being confronted with many amendments of great import to a bill of such diffuse nature without having an opportunity to debate them at all.

Mr. BARKLEY. I will say to the Senator that the subject is not so diffuse now as it was when we started.

Mr. CLARK of Missouri. That is true; but we do not know how widely it may be diffused at 5 o'clock Monday.

Mr. BARKLEY. If, after all the debate which has been in progress on the bill during the past week, in sessions which have lasted 11 or 12 hours a day, the important amendments which might be offered to it have not been conjured up, and could not be until 5 o'clock, a rather peculiar situation is presented.

Mr. CLARK of Missouri. Does not the Senator think that with the rather drastic limitation on debate of 15 minutes on the bill and 15 minutes on any amendment, the process of arriving at a disposition will move along sufficiently speedily without attempting arbitrarily at this time to fix an hour at which to vote? No Senator has any desire to filibuster to delay the bill. I think the limitation on debate will operate to bring the measure to a sufficiently speedy conclusion without at this time fixing an hour to vote.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the Senator from Nevada.

Mr. McCARRAN. A request for an exemption from the rule has been suggested as to certain amendments. It has come to the attention of some of us during the day that an amendment proposed last evening, and voted down, might be revived in another form. I refer to the amendment pertaining to silver. I would not and could not consent to a limitation of debate if such an amendment were offered.

Mr. BARKLEY. Mr. President, it is apparent that we cannot obtain any agreement at this time. I withdraw the request.

SEVERAL SENATORS. Vote! Vote!

Mr. TYDINGS. Mr. President, I do not know what we are to vote on. There is nothing before the Senate.

SEVERAL SENATORS. Vote on the bill!

Mr. TYDINGS. We cannot very well vote while I have the floor.

Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDENT pro tempore. The amendment offered by the Senator from Maryland will be stated.

The CHIEF CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. 20. (a) It shall be unlawful for any person to contribute to any candidate for office at any election, or to any political committee or political party, any amounts paid as dues, assessments, or fees by the members of any organization, lodge, or group, unless said dues, assessments, or fees were paid by such members for the sole purpose of aiding a particular candidate, political committee, or political party, and such members had actual knowledge that the amounts so paid by them were to be used solely for such purpose. As used in this section, the terms "candidate," "election," and "political committee" shall have the meanings assigned to them in section 302 of the Federal Corrupt Practices Act, 1925.

(b) Any person who violates any of the provisions of this section shall be fined not more than \$1,000, or imprisoned not more than 1 year, or both.

Mr. TYDINGS. Mr. President, I do not believe the amendment really needs any explanation on my part. It does not prevent any member of any organization, or any organization itself, from collecting dues from the members of the organization for political purposes. It provides only that if dues are collected for general purposes, they may not be given to any political candidate or to any political party; but assessments and dues may be paid by members, and the organizations may give them over to political parties or to candidates, if the members know they are contributed for that particular purpose.

I have modified the amendment since I first broached it, because the Senator from Pennsylvania [Mr. GUFFEY] made the statement that in last year's gubernatorial election assessments were made by certain groups and organizations for political purposes with the knowledge of the members thereof. That could be done under the amendment. The amendment would only prohibit taking general funds which were not contributed for political purposes and handing them over by those at the top of the organization.

I hope there will be no objection to the amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Maryland [Mr. TYDINGS].

The amendment was agreed to.

Mr. BARKLEY. Mr. President, I ask unanimous consent that from this time forward—with the understanding that if the agreement is entered into the Senate will recess until Monday—during the remainder of the consideration of this bill no Senator shall speak more than once or longer than 15 minutes on the bill, or more than once or longer than 15 minutes on any amendment thereto.

The PRESIDENT pro tempore. Is there objection?

Mr. BRIDGES. Mr. President, the acting minority leader [Mr. AUSTIN] is temporarily absent. I ask the Senator to wait until he arrives. He will be here in a moment.

Mr. BARKLEY. Of course, that carries with it the exemption of the immortal road proposition, which has been heretofore discussed.

Mr. NORRIS. Mr. President, the Senator from New Hampshire is the leader now. Let him answer.

Mr. AUSTIN entered the Chamber.

Mr. BARKLEY. I will repeat my request. I ask unanimous consent that during the further consideration of this bill no Senator shall speak more than once or longer than 15 minutes on the bill, or more than once or longer than 15 minutes on any amendment, with the understanding that if a road amendment is offered it will be excluded from the agreement.

Mr. BYRD. An amendment dealing with roads, bridges, or tunnels.

The PRESIDENT pro tempore. Is there objection?



Mr. AUSTIN. Mr. President, I understand this is on condition that the Senate will recess until Monday.

Mr. BARKLEY. I am planning to move a recess. We have some little preliminaries to dispose of first; but there will be no further discussion of this bill, I think.

Mr. AUSTIN. With that understanding, I have no objection.

The PRESIDENT pro tempore. Is there objection? The Chair hears no objection, and it is so ordered.

#### EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Appropriations, reported favorably the nomination of Denis W. Delaney, of Massachusetts to be Work Projects Administrator for Massachusetts.

He also, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDENT pro tempore. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will state the nominations on the calendar.

#### DEPARTMENT OF JUSTICE

The legislative clerk read the nomination of Francis M. Shea to be Assistant Attorney General in charge of the Claims Division of the Department of Justice.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### THE JUDICIARY

The legislative clerk read the nomination of Howard L. Doyle to be United States attorney for the southern district of Illinois.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### HIGH COMMISSIONER TO PHILIPPINE ISLANDS

The legislative clerk read the nomination of Francis Bowes Sayre to be United States High Commissioner to the Philippine Islands.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### FEDERAL DEPOSIT INSURANCE CORPORATION

The legislative clerk read the nomination of Leo T. Crowley to be a member of the Board of Directors of the Federal Deposit Insurance Corporation.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Phillips Lee Goldsborough to be a member of the Board of Directors of the Federal Deposit Insurance Corporation.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. WAGNER. I ask unanimous consent that the President be notified of the confirmation of the nominations of Mr. Crowley and Mr. Goldsborough.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

#### COLLECTOR OF INTERNAL REVENUE

The legislative clerk read the nomination of Henry J. Willingham to be Collector of Internal Revenue for the District of Alabama.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### COAST GUARD OF THE UNITED STATES

The legislative clerk read the nomination of Fred A. Nichols to be captain.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

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The legislative clerk read the nomination of Roderick S. Patch to be commander.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Charles R. Peele to be district commander, with the rank of lieutenant.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### POSTMASTERS—NOMINATIONS REJECTED

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the first three nominations, adversely reported, be rejected.

The PRESIDENT pro tempore. The nominations will be read.

The legislative clerk read the nomination of James Walter Morrow to be postmaster at Iberia, Mo.

The nomination was rejected.

The legislative clerk read the nomination of Amy Foster to be postmaster at Warrensburg, Mo.

The nomination was rejected.

The legislative clerk read the nomination of Charles A. O'Donnell to be postmaster at Frackville, Pa.

The nomination was rejected.

#### POSTMASTERS—NOMINATIONS CONFIRMED

Mr. McKELLAR. I ask unanimous consent that the remaining nominations of postmasters be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, it is so ordered.

#### IN THE ARMY, NAVY, AND MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Army and the Navy and Marine Corps.

Mr. WALSH. I ask unanimous consent that the promotions and appointments in the Army, the Navy, and the Marine Corps be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, it is so ordered.

That concludes the calendar.

#### JOHN J. WELCH AND RAYMOND A. KENNEDY—RECONSIDERATION AND CONFIRMATION

Mr. LUCAS. I ask unanimous consent that the votes rejecting the nomination of John J. Welch to be postmaster at Deerfield, Ill., and the nomination of Raymond A. Kennedy to be postmaster at Libertyville, Ill., be reconsidered, with a view to asking that the nominations be confirmed.

The PRESIDENT pro tempore. Without objection, the votes rejecting the nominations are reconsidered.

Mr. LUCAS. I now move that the nominations be confirmed.

The PRESIDENT pro tempore. Without objection, the nominations are confirmed.

#### RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 11 o'clock a. m. on Monday next.

The motion was agreed to; and (at 7 o'clock and 6 minutes p. m.) the Senate took a recess until Monday, July 31, 1939, at 11 o'clock a. m.

#### CONFIRMATIONS

*Executive nominations confirmed by the Senate July 29 (legislative day of July 25), 1939*

#### ASSISTANT ATTORNEY GENERAL

Francis M. Shea to be Assistant Attorney General in charge of the Claims Division of the Department of Justice.

#### UNITED STATES ATTORNEY

Howard L. Doyle to be United States attorney for the southern district of Illinois.

#### UNITED STATES HIGH COMMISSIONER TO THE PHILIPPINE ISLANDS

Francis Bowes Sayre to be United States High Commissioner to the Philippine Islands.

## FEDERAL DEPOSIT INSURANCE CORPORATION

Leo T. Crowley to be a member of the Board of Directors of the Federal Deposit Insurance Corporation.

Phillips Lee Goldsborough to be a member of the Board of Directors of the Federal Deposit Insurance Corporation.

## COLLECTOR OF INTERNAL REVENUE

Henry J. Willingham to be collector of internal revenue for the district of Alabama.

## COAST GUARD OF THE UNITED STATES

Fred A. Nichols to be captain.

Roderick S. Patch to be commander.

Charles R. Peele to be district commander, with the rank of lieutenant.

## WORKS PROJECTS ADMINISTRATION

Lt. Col. Philip Mathews to be Work Projects Administrator for Pennsylvania.

## APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

## TO AIR CORPS

First Lt. William Denton Cairnes.  
 First Lt. Robert Thomas Crowder.  
 First Lt. Nicholas Tate Perkins.  
 Second Lt. Glenn Preston Anderson, Jr.  
 Second Lt. Harvey Pettibone Barnard, Jr.  
 Second Lt. Merrick Bayer.  
 Second Lt. William Hugh Blanchard.  
 Second Lt. George Arthur Bosch.  
 Second Lt. Joe Reese Brabson, Jr.  
 Second Lt. Robert Allen Breitweiser.  
 Second Lt. William Peek Brett.  
 Second Lt. Robert John Bruton.  
 Second Lt. Sherwood Ernest Buckland.  
 Second Lt. Nicholas Horace Chavasse.  
 Second Lt. Louis Edward Coira, Jr.  
 Second Lt. John Boddie Coleman.  
 Second Lt. Castex Paul Conner.  
 Second Lt. Fred Murray Dean.  
 Second Lt. Edward George DeHart.  
 Second Lt. Carter Eugene Duncan.  
 Second Lt. Wallace Stafford Ford.  
 Second Lt. William Henry Frederick, Jr.  
 Second Lt. Felix Moses Hardison.  
 Second Lt. Bertram Cowgill Harrison.  
 Second Lt. Philip Robert Hawes.  
 Second Lt. John Bennet Herboth, Jr.  
 Second Lt. Gregory Hoisington, Jr.  
 Second Lt. John Robert Hopson.  
 Second Lt. Henry Charles Huglin.  
 Second Lt. James Horace Isbell.  
 Second Lt. Lloyd Earl Johnson, Jr.  
 Second Lt. Howard Doan Kenzie.  
 Second Lt. William Brett Kieffer.  
 Second Lt. William Keith Kincaid.  
 Second Lt. Omar Ellsworth Knox.  
 Second Lt. Leland Oscar Krug.  
 Second Lt. Maurice Raymond Lemon.  
 Second Lt. Milton Edward Lipps.  
 Second Lt. Ralph Brown Lister.  
 Second Lt. James Rhea Luper.  
 Second Lt. Clifford Field Macomber.  
 Second Lt. Robert Carleton McBride.  
 Second Lt. Vincent Morgan Miles, Jr.  
 Second Lt. John Dean Moorman.  
 Second Lt. Harry Cornelius Morrison.  
 Second Lt. William Folwell Neff.  
 Second Lt. Ashley Burdett Packard.  
 Second Lt. Shelby Young Palmer, Jr.  
 Second Lt. Littleton James Pardue.  
 Second Lt. Alexander Bruce Pendleton.  
 Second Lt. Douglas Clinton Polhamus.  
 Second Lt. Paul Theodore Preuss.  
 Second Lt. Joseph Claude Reddoch, Jr.  
 Second Lt. James Willis Rhymes.  
 Second Lt. Harris Edward Rogner.  
 Second Lt. Robert William Rulkoetter,

Second Lt. Gabriel Caldwell Russell.  
 Second Lt. John Dale Ryan.  
 Second Lt. Donald Ward Saunders.  
 Second Lt. Charles Winfield Sherburne.  
 Second Lt. Albert Peterson Sights, Jr.  
 Second Lt. Gibson Emerson Sisco, Jr.  
 Second Lt. William Kenneth Skaer.  
 Second Lt. Robert Lee Snider.  
 Second Lt. John Herbert Spangler.  
 Second Lt. Prescott Miner Spicer.  
 Second Lt. Frank Pleasants Sturdivant.  
 Second Lt. Morris Frederick Taber.  
 Second Lt. Benjamin Marcus Tarver, Jr.  
 Second Lt. Hugh Douglas Wallace.  
 Second Lt. Joseph Breece Wells.  
 Second Lt. Laurence Edward Wernberg.  
 Second Lt. Edward Joseph York.  
 Second Lt. Charles Mathis Young.  
 Second Lt. Robert Alan Zaiser.  
 Second Lt. Virgil Lee Zoller.

## TO QUARTERMASTER CORPS

Maj. Rohland Andrew Isker.

First Lt. Carleton Merritt Clifford.

## PROMOTION IN THE REGULAR ARMY

Leonidas Lee Koontz to be major, Air Corps.

## APPOINTMENT TO TEMPORARY RANK IN THE AIR CORPS, IN THE REGULAR ARMY

Ernest Starkey Moon to be major.

## PROMOTIONS IN THE NAVY

## To be captains

Carleton H. Wright  
 Ralph S. Wentworth  
 Lunsford L. Hunter

## To be commanders

George H. Mills  
 Kendall S. Reed  
 Edward E. Pare  
 Frederick B. Kauffman

## To be lieutenant commanders

William V. Davis, Jr.  
 Robert G. Lockhart  
 Erskine A. Seay  
 John C. Daniel  
 Braxton Rhodes  
 Louis T. Young  
 Charles R. Skinner  
 Charles R. Woodson  
 Roy M. Signer  
 Myron E. Thomas  
 John P. Bennington  
 Ralph H. Wishard  
 Harold R. Stevens  
 Alfred H. Richards  
 Burnice L. Rutt  
 Victor D. Long

## To be lieutenant

George R. Stone

## To be lieutenants (junior grade)

Paul C. Stimson  
 George A. Wagner, Jr.  
 Sherman "E" Wright, Jr.  
 David Zabriskie, Jr.

## To be assistant surgeons

Michael V. MacKenzie  
 Richard P. Wilson  
 Donald W. Miller  
 George N. Thompson, Jr.  
 Everett P. Kirch  
 Lewis L. Haynes  
 Tom T. Flaherty  
 Daniel W. Boone  
 John B. MacGregor  
 Reginald R. Rambo  
 Benjamin B. Langdon  
 Aubrey C. Stahr  
 Samuel H. Oliver  
 Mark S. Curtis  
 Martin E. Conti  
 Arthur M. Barrett  
 Vincent M. Dungan  
 Richard L. Fruin  
 Paul H. Morton  
 Clifford A. Stevenson  
 John V. Prevost  
 John R. Marron  
 Charles S. Hascall, Jr.  
 Harry N. Kirban  
 George L. Tabor, Jr.  
 Lester J. Pope  
 Edward P. Irons  
 Joseph J. Timmes  
 Russell E. Hanlon  
 Lynn S. Beals, Jr.  
 Samuel C. White  
 John E. Nardini  
 Martin Cooperman  
 Alvin J. Paulosky  
 John W. Thomas  
 Otto C. Baumgarten  
 James K. Van Deventer  
 Bruce L. Kendall  
 Harry T. Stradford  
 Wilfrid D. McCusker  
 Thomas F. Wright  
 DeSales G. DuVigneaud



Carl N. Ekman  
Philip C. Guzzetta, Jr.  
Paul Deranian  
William J. James  
Phillips L. Claud  
George M. Hutto  
Vincent F. Biondo  
Elvin E. Keeton  
Norman E. King  
Ferdinand V. Berley  
James Crawford  
Hugh V. O'Connell  
Lester L. Smith

Alton C. Bookout  
James F. Handley, Jr.  
Haydon Rochester  
Leonard H. Barber  
John G. Feder  
John H. Cox  
Arthur E. Gulick  
Jaroud B. Smith, Jr.  
Horace D. Warden  
Leslie W. Langs  
Edward T. Byrne  
Jacob G. Hebble 3d

## MARINE CORPS

*To be majors*

James A. Stuart  
Shelton C. Zern

Frank D. Weir  
Reginald H. Ridgely, Jr.

*To be captains*

Clarence O. Cobb  
Sidney S. Wade

*To be first lieutenants*

Bryghte D. Godbold  
Noah J. Rodeheffer  
Stuart M. Charlesworth  
Robert F. Scott

Thomas C. Moore, Jr.  
Richard A. Evans  
John B. Heles  
Erma A. Wright

*To be second lieutenants*

Roger S. Bruford  
Lee A. Christoffersen  
Frank H. Collins  
Richard M. Day  
George T. Fowler  
Louis L. Frank  
Elmer L. Gilbert  
Joseph A. Gray  
Ralston R. Hannas, Jr.  
John D. Howard  
Robert W. Kaiser  
Howard E. King  
William D. Masters

Robert C. McDonough  
Louis Metzger  
William G. Muller, Jr.  
Martin E. W. Oelrich  
Ralph R. Penick  
Richard Quigley  
John T. Rooney  
Lester A. Schade  
Norman E. Sparling  
Lyman D. Spurlock  
Curtis R. Vander Heyden  
Lyndon Vivrette  
Tom R. Watts

## POSTMASTERS

## ARIZONA

Harriet C. Dean, Duncan.  
Linnie N. Smith, McNary.  
Albert H. Adams, Scottsdale.

## ARKANSAS

Arthur Woodward, Gentry.  
Frederick Guy Mabrey, Leslie.

## COLORADO

Neville George Parsons, Central City.  
Rudolph G. Verzuh, Crested Butte.  
Agnes J. Beynon, Frederick.  
Esther M. Stanley, Gypsum.  
James A. Tinsley, Lakewood.  
Arthur L. Carlson, Wellington.

## ILLINOIS

John J. Welch, Deerfield.  
Raymond A. Kennedy, Libertyville.

## KENTUCKY

Jesse B. Pope, Brooksville.  
William H. Cundiff, Cadiz.  
Jack Smith, Campton.  
Nannie G. Woodson, Eddyville.  
Mary Christine Willett, Fancy Farm.  
Lula M. Stuart, Glendale.  
Darwin N. White, Hazel.  
Robert W. Vinson, Louisa.  
Peter T. Colgan, Middlesboro.  
Harry Imes Sledd, Murray.  
Sister Marie M. LeBray, Nazareth.  
J. Wise Higgins, Salyersville.  
Milton Ashby, Sebree.

Byron P. Boyd, Sedalia.  
Mary K. Diersing, Shively.  
William Tyler Smith, Taylorsville.  
Coy B. Reynolds, Waynesburg.  
Kathryn E. Stewart, West Paducah.  
Beulah M. Matheus, Whitesville.

## MICHIGAN

Arthur A. Weng, Daggett.  
Claude E. Cady, Lansing.  
Matthew Max, Ypsilanti.

## MISSISSIPPI

William Frank Irving, Ackerman.  
John B. Glenn, Brookville.  
Pink Hardy, Bruce.  
Ralph D. Sigler, Bucatunna.  
Sarah R. Lee, Carrollton.  
Harry S. McGehee, Centreville.  
Pink H. Morrison, Heidelberg.  
Mary D. McMahan, Holcomb.  
Anice N. Graves, Houlika.  
Billie B. Boyd, McCool.  
Samuel P. Carter, Quitman.  
Olive Alexander, Rolling Fork.  
Erma L. Morris, Seminary.  
Horace E. Wilkinson, Shelby.  
John L. Owen, Utica.

## MISSOURI

June C. Lankford, Adrian.  
Waller W. Eubank, Madison.

## NEVADA

Elva I. Hermansen, East Ely.

## NEW YORK

Pricilla A. Fairbank, Ashville.  
John L. Purcell, Aurora.  
Claude E. Shill, Avoca.  
Benjamin F. Griffin, Camillus.  
Leon H. Ingersoll, Cincinnati.  
John Roe, East Durham.  
George S. Hart, Freeville.  
John W. Masterson, Harmon-on-Hudson.  
George Heal, Holley.  
Thomas R. Morris, Ilion.  
Elwyn S. Sloughier, Ithaca.  
William H. McLaughlin, Little Falls.  
George J. McGovern, Madison.  
Gordon E. DeVillie, Ontario.  
Robert A. Lundy, Ray Brook.  
Grace M. Dibble, Richmondville.  
Julian E. McVean, Scottsville.  
Gertrude M. Ackert, West Park.  
Albert B. Sabin, Wolcott.

## NORTH DAKOTA

Coral I. Ware, Amidon.  
Anna Holkesvik, Carson.  
Harry L. Morrow, Drake.  
Agnes S. Reynolds, Edmore.  
Evelyn L. Swank, Egeland.  
Winfield S. Hooper, Fargo.  
Cecil Wigness, Fortuna.  
Jeannette A. Siegel, Goldenvalley.  
Peter L. Freund, Hope.  
John P. Mohr, Wimbledon.

## OHIO

Clarence D. Hindall, Ada.  
Lulu M. Helphinstine, Amsterdam.  
Henry J. Walter, Archbold.  
Linn G. McKnight, Buckeye Lake.  
Edward F. Lawler, Carrollton.  
Mary E. Perry, Castalia.  
John R. Gunning, Chillicothe.  
A. Hulse Hays, Circleville.  
Curtis D. T. Watts, Crooksville.

Harris O. Stanley, Damascus.  
 Gerald L. Whaley, Fayette.  
 John P. Watt, Greenfield.  
 Charles L. Collett, Ironton.  
 Harry C. Lieurance, Jamestown.  
 Herman H. Montooth, Leipsic.  
 William J. Moriarty, Lorain.  
 C. Woodrow Wilson, Lyons.  
 Ray H. Strouse, McComb.  
 Neal D. Roshon, Medina.  
 James Woodward, Mineral Ridge.  
 Albert P. McQuade, New Straitsville.  
 John O. Entriakin, North Lima.  
 Walter R. Williams, Norwalk.  
 Fred L. Decker, Ostrander.  
 Jessie B. McFadden, Pataskala.  
 Orville C. Ryan, Peebles.  
 William W. Norris, Ripley.  
 Ellsworth E. Poots, Strongsville.  
 Edward T. Brighton, Sylvania.  
 Loran M. Grooms, West Union.  
 John Kenneth Faist, Woodville.

## OKLAHOMA

Foster F. Johnson, Carter.  
 Shelby M. Alexander, Lone Wolf.

## PUERTO RICO

Alberto Bravo, Mayaguez.  
 George P. DePass, San Juan.

## TENNESSEE

Howard Long, Kingsport.  
 Charles A. Galloway, Waynesboro.

## TEXAS

William G. Bryan, Avery.  
 Luther G. Porter, Bangs.  
 Samuel G. Selkirk, Jr., Bay City.  
 Hugh B. Edens, Big Lake.  
 Lawrence C. Galbraith, Big Sandy.  
 Maurene W. Steuart, Blackwell.  
 Harvey L. Pettit, Bloomburg.  
 Joseph Edward Johnson, Brownwood.  
 Albert H. Loyless, Burleson.  
 Arthur K. Tyson, Calvert.  
 Harry McDonald Thomson, Coleman.  
 Nadyne McGehee, Collinsville.  
 Wilbur D. Hart, Cooper.  
 Clarence H. Nobles, Deport.  
 Leland B. Doshier, Edcouch.  
 William H. Wheeler, Eustace.  
 Stanley F. Labus, Falls City.  
 James F. Atkinson, Florence.  
 Emmett W. Pack, Garrison.  
 Spencer Boyd Street, Graham.  
 Claude H. Hamilton, Harlingen.  
 Ross Kenner, Hemphill.  
 John Dunlop, Houston.  
 Baxter Orr, Idalou.  
 Robert L. Peebles, Lexington.  
 Lula J. Moreland, Lindale.  
 Ralph W. Ford, Linden.  
 Sam H. Amsler, McGregor.  
 J. William Dyer, Mabank.  
 Edward F. Springer, Matador.  
 Effie Viola Haden, Megargel.  
 Benjamin T. Tucker, Mercedes.  
 Stephen E. Fitzgerald, Miami.  
 Augustus S. Hightower, Millsap.  
 Alva O. Dannelley, Mirando City.  
 William E. McClintock, Mount Pleasant.  
 Robert H. Patterson, Mullen.  
 Joe December, Orange Grove.  
 Grace M. Barnett, Palacios.  
 Mansel R. Coffee, Perryton.  
 Richard J. Bradford, Pettus.  
 Walter S. Martin, Port Arthur.

Oliver M. Lamkin, Rosenberg.  
 Adlai C. Breustedt, Seguin.  
 Edmund Herder, Shiner.  
 Grady W. Hodges, Whitesboro.  
 Oscar W. Stone, Wolfe City.

## VERMONT

Alvarado C. Gibson, Cavendish.  
 Charles R. Hazen, Chester Depot.  
 John M. Jewell, Proctorsville.

## WASHINGTON

Leland F. Nelson, Elma.

## WEST VIRGINIA

William R. Kincaid, Cameron.  
 Roscoe Cook, Lorado.

## REJECTIONS

*Executive nominations rejected by the Senate July 29  
 (legislative day of July 25), 1939*

## POSTMASTERS

## MISSOURI

James Walter Morrow to be postmaster at Iberia, in the State of Missouri.

Amy Foster to be postmaster at Warrensburg, in the State of Missouri.

## PENNSYLVANIA

Charles A. O'Donnell to be postmaster at Frackville, in the State of Pennsylvania.

## HOUSE OF REPRESENTATIVES

SATURDAY, JULY 29, 1939

The House met at 12 o'clock noon.

Rev. Clarkson R. Banes, pastor of Waugh Methodist Church, Washington, D. C., offered the following prayer:

Our gracious Heavenly Father and Father of our Lord, Jesus Christ, we humbly bow in Thy presence to acknowledge Thee as our Father. We are Thy children. Look upon us with Thy love, we beseech Thee, and richly reward us according to our faith.

May Thy blessings be upon this legislative body, and wilt Thou give them wisdom in all of their deliberations. May there be Thy divine guidance upon all the affairs of our Nation, and may our people live in peace and happiness. May the gospel of righteousness and of brotherly love be proclaimed throughout our land and even beyond our own borders until righteousness shall reign everywhere.

May Thy love be in our hearts this day and may we so live that the spirit of love shall go forth from our lives into the lives of others with whom we come in contact. Forgive us when we have gone astray, and lead us always in Thy way. We humbly ask in the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. St. Claire, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2879. An act to authorize the posthumous appointment of the late Arthur Mortimer Fields, Jr., to be an ensign of the United States Navy.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 188) entitled "An act to provide for the administration of the United States courts, and for other purposes."

## PERMISSION TO ADDRESS THE HOUSE

Mr. BLAND. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.